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NEWS SUMMARY

GENERAL

Reagan confirms U.S. role in Europe

A strong, emotional commitment to continued U.S. defence of Western Europe was made to West Germany's parliament by President Ronald Reagan at the start of his official visit.

Any move in Washington to cut the level of U.S. forces would be opposed firmly by his Administration, he made clear. He said: "We are with you, Germany. You are not alone."
Back Page

Nurses' pay

There was no question of any more money being available for nurses' pay, Social Services Secretary Norman Fowler said. *The Royal College of Nursing*, however, said he had not rejected outright its plea for the 6.4 per cent offer to be increased.

One-party Kenya

Kenya became a one-party state under the Kenya African National Union after parliament approved a Bill unanimously. It has been a de facto one-party state since a short-lived opposition party was dissolved in 1969.

Ship ablaze

Firefighting vessels fought a blaze on the 13,278-ton Greek cargo ship Mano Maria, carrying 200,000 tonnes of diesel oil, off Lampedusa Island, near Sicily.

Homosexual vote

The Labour Party national executive committee voted nine to eight against reducing the age of consent for male homosexuals from 21 to 16.

Police assessors

Independent assessors should take part in investigating complaints against police, a Commons select committee reported. Page 12

Seven-sided row

Busmen staged a five-hour strike at Bootle because ticket change-machines were not yet adapted to take the seven-sided 20p piece introduced yesterday.

BBC sued

A Liberian shipowner is suing the BBC over a television programme on ships operating under flags of convenience. Page 8

Nut safety pledge

A Twickenham nut company is to print a safety warning on peanut packs after choking scares among children and lobbying by mothers.

Gift for RAF

Hong Kong businessman Stanley Ho gave more than £300,000 to the RAF Museum, Hendon, in appreciation *of* the service's *role* in liberating the colony from the Japanese in World War II.

Korchnoi visas

Chess grand master Victor *Korchnoi's wife* Bella said in Leningrad she and their son were granted exit visas to join her husband in the West by June 27.

Prince welcomed

Thousands welcomed the Prince of Wales to the Isle of Wight. He unveiled a bust of Lord Mountbatten, once the island's lord lieutenant.

Briefly . . .

Norwich and Gatwick airports were linked by a daily service using an eight-seat Chieftain aircraft.

Bus plunged off a bridge killing 55 and critically injuring 35 in Chipuro, Zimbabwe.

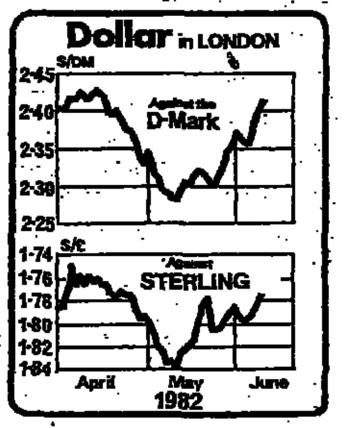
Three Britons climbed Tibet's Mt Xixabangma, 26,286ft.

Florence withdrew permission for three Rolling Stones concerts.

BUSINESS

Equities off 6.7; dollar up in London

● DOLLAR rose to close in London at DM 2.415 (DM 2.405), SwFr 2.0575 (SwFr 2.0435) and



Y248.9 (Y245.9), its highest against the yen since April 1980. Its trade-weighted index was 117 (116.6). Page 44

● STERLING fell 80 points on the day in London to $1.774. It rose to DM 4.285 (DM 4.2775), SwFr 3.6525 (SwFr 3.6425) and FFr 11.17 (FFr 11.1175). Its trade-weighted index was unchanged at 90.9. Page 44

● EURODOLLAR bond market continued its shake-out with prices falling ½ point on average. Page 28

● GOLD fell $2 in London to close at $328.375. In New York the Comex June close was $327.5 ($331.5). Page 27

● EQUITIES: the FT 30-share index fell 6.7 to 587.2. Page 43

● GILTS: the Government Securities Index dropped 0.26 to 70.13. Page 43

● WALL STREET was down 9.71 at 792.52 near the close. Page 42

Mitterrand to cut public spending

● PRESIDENT Mitterrand announced a further squeeze on government expenditure to reduce the French budget deficit, but no anti-inflation measures. Back Page

● CHANCELLOR Geoffrey Howe announced tax concessions for the *offshore* oil industry worth about £55m over the next two financial years. Page 10; Lex, Back Page

● PLESSEY is considering acquiring Stromberg-Carlson, a medium-sized U.S. telecommunications equipment maker, from General Dynamics. Back Page

● BRITISH STEEL Corporation chairman Ian MacGregor warned that a further 17,000 jobs are at risk. Page 10

● TEACHERS' UNION called the Government's Youth Training Scheme a "cynical attempt *to* reduce the unemployment figures before the next general election." Page 11

● CORK REPORT proposed major changes in insolvency law. Back Page

● DEPARTMENT of Industry is likely to restart its small engineering companies investment scheme later this year. Page 10

● LINDE, the West German engineering group, has won a £71.4m contract from the Soviet Union to build a 250,000 tonnes a year ethylene plant. Page 6

● WESTLAND, the helicopter group, saw taxable profits fall to £6.05m from £12.43m for the six months to March 31. Page 24; Lex, Back Page

● PEGLER - HATTERSLEY, domestic heating unit maker, raised pre-tax profits to £16.17m (£10.89m) for the year to March 27. Page 24

● *MALAYSIA is raising a $1bn* credit in the Euromarkets. Page 28

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
AB Electronic	205	+ 18
Brown (N.) Invs	135	+ 7
Cole Group	94	+ 9
Extel	360	+ 7
Geers Gross	152	+ 10
Glass Glover	148	+ 6
Greatermans 'A'	280	+ 50
Midland Bank	355	+ 5
Minet	211	+ 7
Pegler-Hattersley	222	+ 6
Routledge K. Paul	220	+ 20
Tern-Consulate	55	+ 4
Tilbury Group	525	+ 10
Valor	69	+ 4
Libanon	802	+ 20
FALLS		
Exchqr 11¾pc 1986	£95⅞	− ⅛
Treas 12¼pc 03-05	£96⅛	− ⅛
Babcock	111	− 8
European Ferries	70	− 5½
GEC	948	− 7
Hanson Trust	169	− 5
Horizon Travel	200	− 8
Johnson Grp. Clnrs	232	− 13
Kitchen (R.) Taylor	135	− 6
Lucas Inds	187	− 5
Nimslo	163	− 22
Notts Mnfg	183	− 5
Pilkington	233	− 15
Sangers	38	− 4
Sonic Sound	57	− 3
TI	128	− 10
Charter Cons	195	− 7
Cons Gold Fields	345	− 7
RTZ	397	− 23

Israel's troops 'entering Beirut'

BY DAVID LENNON AND ANTHONY McDERMOTT

ISRAEL appeared poised last night to take control of all Southern Lebanon. Its troops were reported to be entering Beirut, the Lebanese capital, the Lebanese Christian radio reported.

It claimed to have shot down at least 22 Syrian fighters yesterday, and reported that Syrian forces were retreating from an Israeli advance up the strategic Bekaa valley from south-eastern Lebanon.

The Syrian aircraft were lost in trying to prevent Israeli aircraft attacking surface-to-air missile sites in the valley. Mr Ariel Sharon, the Israeli Defence Minister, described the destruction of the missiles as a "turning point" in the fighting.

Mr Sharon, the chief architect of the Israeli war in Lebanon, said yesterday evening that Israel could now complete its attacks against the artillery and rocket-launchers operated by Palestinian guerrillas under the protection of Syrian missiles. *He said advancing Israeli* columns were hitting "the enemy (Syrian) armour" on the eastern front.

While the army spokesman in Jerusalem would neither confirm nor deny that Israeli forces were entering Beirut, Israeli aircraft flew over the capital for most of the day, dropping pamphlets to urge residents to stay off the streets and to mark their windows with white sheets.

The Israelis have been doing the same in towns they have taken since they invaded Lebanon on Sunday.

The Israeli army spokesman said last night that all Israeli aircraft returned safely to base after the air battle during the strike on the Syrian missile sites. Syria admitted the loss of 16 aircraft, but claimed to have shot down 19 Israeli aircraft.

Mr Sharon said that, until yesterday, Israel had avoided attacking the Syrian forces and had tried by many means to persuade them to stay out of the fighting. "To my regret, the Syrians did not respond to these appeals," he said.

After Cabinet approval in the morning to attack the missile batteries, and to go after the Palestinian forces operating from within the eastern Lebanese area controlled by Syrian forces, Israel launched its air strike and pushed its troops northwards through the Bekaa Valley. Completion of that operation would leave Israel in control of nearly half of Lebanon—from Beirut in the west to Zahle in the east, close to the Syrian border.

With the advance up the Bekaa Valley well under way, Israel had effectively completed its sweep through southern and central Lebanon to destroy Palestinian guerrilla war machines.

An Israeli force was also in a position to stop traffic on the Beirut-Damascus highway six to eight miles east of the Lebanese capital, but seemed not to have closed this main artery. To do so would cut off from the masses the estimated 4,000 Syrian troops in, and south of, Beirut.

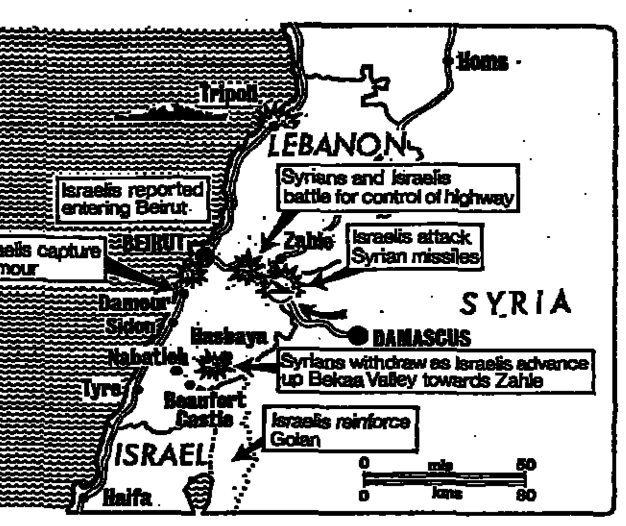
Israel was understood to be trying to reach an agreement with Syria, whereby forces of each country would be able to travel on the highway without interfering with forces of the other.

Mr Philip Habib, the U.S. special envoy, flew to Damascus yesterday in an attempt to persuade the Syrians to accept an arrangement in Lebanon which would help to prevent total warfare between Israeli and Syrian troops.

It was also believed that Israel was seeking a way to enable Mr Bashir Jemayel, commander of the Christian Phalangist forces which control much of north-western Lebanon above Beirut, to link with Major Saad Haddad, commander of the Israeli-backed Christian militia in southern Lebanon.

Israel confirmed yesterday that it had captured Damour, a port only eight miles south of Beirut and 50 miles north of the Israeli border. It claimed to be in control of all the coast between Damour and the border.

Middle East details, Page 4



Shock waves of warfare on the road to Damascus

BY ANTHONY McDERMOTT IN HARAIYA, LEBANON

THE SHOCK of the missile as it hit the plane was considerable, even within the taxi winding up the steep road above Beirut towards the Bekaa valley and ultimately Damascus.

To my left, above a wooded valley dotted with houses, a jet was falling with flames flaring off its wings. An orange and white parachute floated down behind it.

On the ground a gendarme explained: "There were two planes, one chasing the other. The one in front was hit."

Half a mile up the road, smoke was rising from a patch in the trees near a red-roofed house, where the wreckage had come down. People were leaning over the parapet of the road staring down. "It was Israeli, it was Israeli," said one—and he was almost certainly wrong. Then the militia arrived, waving guns and we all left rapidly.

Further up the road, some nine miles short of Shtaura, shells started to come in with increasing frequency on the area of Dahr el-Baidar, where Syria has apparently concentrated some troops. From there, clouds of grey dust and smoke were rising, close to the highest spot on the road to Damascus before it begins its descent into the beautiful orchards and fields of the Bekaa Valley about a mile away. Shells fell initially every five minutes and then at shorter intervals. Syrian tanks were positioned by the road and Syrian, Lebanese and Palestinian checkpoints were everywhere in between.

The fighting in Lebanon has thrown up some oddities. Galerie Semaan was once a crossing point into Beirut, but was used only when there was a convincing quorum of other cars for fear of snipers shooting from the high rise buildings and shrapnel-scarred houses. Now it has a policeman controlling the traffic. Moslem West Beirut and Christian East Beirut are not shelling each other for the moment.

Yesterday, however, began normally enough with Israeli jets flying over Beirut and attracting somewhat belated anti-aircraft fire.

It is clear at the same time that Beirut is descending to yet another level of collapse. The luxury hotels are long gone, victims of the civil war. But in the centre of the capital and at the Boulangerie Maita in the mountains, queues for bread are growing.

The lines at petrol stations have been lengthening since the Zahrani refinery near Tyre was hit. The destruction of a power station at Jiyye, south

Continued on Back Page

National rail strike called

By John Lloyd, Labour Editor

A NATIONAL rail strike from June 28 has been called by the National Union of Railwaymen, the biggest rail union.

The NUR executive voted yesterday by 17 votes to six for an all out strike in protest against a 5 per cent wage offer made last week by Sir Peter Parker, the British Rail chairman.

The majority on the executive comfortably exceeds the two-thirds majority required for a strike call and represents a defeat for Mr Sidney Weighell, the union's general secretary.

Mr Weighell said after the meeting: "I feel let down by the BR board, I feel let down by the Government. We have delivered on all the items we have been asked for. We have been beating our heads against a brick wall. I understand the feelings of the executive."

Mr Weighbell had spoken in favour of continuing talks with the board but this was decisively rejected by his executive. He can now only return to talks with their permission.

Sir Peter's offer to the railwaymen is dependent upon acceptance of the full BR productivity package, which includes flexible rostering, single manning of goods and passenger trains, cuts in station staff, a restructuring of grades and other efficiency measures.

The NUR's decision ranges the traditionally moderate union beside Aslef, the train drivers' union, which remains opposed to flexible rostering and has also rejected the wage offer.

The NUR is to approach Aslef and the white collar union, TSSA, to support the all-out strike call.

It is also to approach its partners in the triple alliance—the mineworkers and the steelworkers—for support and possible sympathetic action.

Referring to Aslef's refusal to implement flexible rostering—which the NUR has accepted at national level—Mr Weighell said: "I resent it that 90 per cent of the railway community are being penalised by the failure of a small majority to honour their obligations."

£ in New York

—	June 9	Previous
Spot	$1.7785-7800	$1.7975-7990
1 month	0.26-0.31 pm	0.23-0.28 pm
3 months	1.05-1.10 pm	0.94-0.99 pm
12 months	3.50-3.60 pm	3.25-3.35 pm

Bombings bring setback to Stanley attack

BY BRIDGET BLOOM AND ANDREW WHITLEY

BRITAIN'S last-minute preparations for sealing off the Argentine garrison at Port Stanley have received a setback with the Argentine bombing of key landing craft 15 miles from the Falklands capital.

The bombing was announced late on Tuesday night but as fuller details became available last night it was clear that the attack had had a more devastating impact than at first thought.

The Defence Ministry could not confirm details last night but casualties on two logistic landing ships which were badly damaged and burning uncontrollably from Argentine fire, were higher than first reports had suggested.

Details of the action came in a dispatch from Michael Nicholson of ITN, who watched 400 yards away as the Sir Galahad and Sir Tristan were bombed by Skyhawk aircraft in the narrow estuary at Fitzroy, East Falkland.

The ships had been disembarking men of the 5th Brigade, it is believed mainly Scots and Welsh Guards, intended to reinforce the troops entrenched a *few* miles from Port Stanley.

"The attack happened so fast there wasn't even time to think of finding cover, and as ships were hit, men aboard didn't even have time to put on their anti-burn absestos head masks and gloves to save them from the heat," Nicholson said. "As the bombs exploded many were brought ashore with burns."

"Sir Galahad had anchored only a few hours before, and the men were waiting for landing craft to come and get them. One hour later and most of the men would have been safely ashore in their trenches."

Nicholson's report came nearly 24 hours after the Defence Ministry announced late on Tuesday that a frigate and the two landing ships were attacked and damaged by Argentine aircraft.

The Ministry said that at least six, and possibly 11 Argentine aircraft were shot down.

There was no further news at the time of writing of the plight of the Plymouth, a Type 12 frigate.

Last night the Defence Ministry, which cleared Nicholson's report for broadcasting at about 5 pm, was still unable to give the number of casualties or other details of the Fitzroy action.

The Nicholson dispatch makes clear that the troops ashore had not yet been able to establish effective air defences, believed to be the

Continued on Back Page

Falklands crisis, Page 3; Parliament, Page 12; Libya sends Argentina arms, Back Page

FALKLANDS WEATHER: Partly cloudy. SW winds *force 5-6, 10 ft waves. Temps* up to low 30s. Excellent visibility. OUTLOOK: Mostly cloudy with westerly winds force 7-8 and 15 ft waves. Occasional snow flurries with reduced visibility. Temps in 30s.

U.S. bank in Hoare Govett bid

BY JOHN MOORE IN LONDON AND DAVID LASCELLES IN NEW YORK

SECURITY PACIFIC Corporation, the second largest bank in California and the 10th biggest bank in the U.S., is planning to acquire a 29.9 per *cent stake in Goare Govett, a* leading UK stockbroker.

The move is the first in what are likely to be major changes in the structure of the UK securities market.

Security Pacific is the first group to take advantage of recently relaxed rules designed to allow members to raise more capital from outside interests. Outside investors are now allowed to hold up to 29.9 per cent of stockbroking and stockjobbing firms.

Under the previous rules outside investors had been allowed to take only a 10 per cent holding.

Mr Richard West, *managing* director of Hoare Govett, said yesterday: "We are enthusiastic about being the first to take advantage of the new rules. The move will steadily grow as a number of brokers look at this route for new capital."

In Los Angeles Mr Frank Cahouet, vice-chairman and chief financial officer of Security Pacific, said: "We want to be able to provide a breadth of financial services both *domestically and internationally.*"

He stressed that the deal was "an investment" which would respect Hoare Govett's independence.

So far none of the financial details have emerged and *negotiations* are proceeding. The deal is subject to the approval of the Stock Exchange and other regulatory authorities.

The Stock Exchange will be considering its new outside investment rules on Tuesday at a council meeting when it is expected that the wordings of the rulings will be agreed. The Hoare Govett deal is expected to be discussed at that meeting.

The Stock Exchange is determined that any *new* shareholdings arranged with outside investors should only be regarded as an investment by both parties. The investor should have no day-to-day influence on the management.

According to Mr Graham Ross-Russell, chairman of the Stock Exchange's membership committee: "As long as we are *a self-regulatory* body, then we have got to have control over our member firms."

The Stock Exchange is considering a *framework* of rules which *outside* investors will have to observe and it may revise its rules following the Hoare Govett deal.

Hoare Govett, which has acted as London brokers for Security Pacific for between two and three years, said it had been in talks with Security Pacific for six months.

The stockbroker said it did not need new capital, but had plans to develop its international operations. In the autumn it is starting its first venture in the U.S., opening an office in New York.

Hoare Govett said it saw Security Pacific's move as part of an overall plan to develop the bank's European financial services operation.

Security Pacific said it was interested in Hoare Govett's Asian business because it sees opportunities in the Far East and the Pacific basin. Hoare Govett has offices in Hong Kong, Singapore and Tokyo.

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For latest Share Index phone 01-246 8026

France planning £2.3bn injection for steel industry

BY TERRY DODSWORTH IN PARIS

FRANCE IS planning to spend about FFr 26bn (£2.3bn) on a further four-year reconstruction of the national steel industry aimed at eradicating losses by 1986.

The project, announced after yesterday's Cabinet meeting, is the first sectoral industrial plan to emerge since the recent nationalisation programme embracing the steel industry.

It suggests that a significant proportion of the investment being set aside for state industry will be devoted to the steel companies, which lost around FFr 6bn last year.

Precise details of the Government plan, part of which will depend on discussions between employers and unions, and which is expected to involve substantial redundancies, were not given yesterday. But the global FFr 26bn was broken down broadly into three categories.

First, investment in modernisation will amount to FFr 17.5bn. Of this, FFr 2bn will depend on talks between the two sides of industry on the specific allocation of the funds. The proportion of grants and loans within this funding was not made clear last night, but the figure for investment falls close to the FFr 20bn which has been demanded by the industry.

Secondly, the Government is to advance a little over FFr 3bn to the subsidiaries of Usinor and Sacilor, the two big steel companies, to help with their diversification plans. Some of this will go to industrial conversion projects in the steel regions.

Thirdly, equity injections of FFr 2.4bn this year and a further FFr 3.5bn in 1983 are planned for Usinor and Sacilor with the aim of reducing their crippling financial charges.

Although the Government presented this plan as a four-year programme yesterday, it is expected that spending in modernisation will have been committed by the end of 1985, thus meeting the deadline set by the EEC on European steel industry subsidies.

On capacity, the aim is to have plant capable of producing around 24m tonnes in 1986. This suggests a reduction in capacity, since unofficial estimates put theoretical current production capabilities at around 29m tonnes. But the industry has been producing between 21m and 23m tonnes during the last few years.

The announcement also left open the equally tricky question of redundancies. No-one connected with the steel industry hides the fact that at least 10,000 to 12,000 more jobs need to be shed to attain ideal productivity levels. But this will be a bitter pill for the unions after the 30,000 jobs that have been axed since the last big reorganisation in 1978.

To make this pill more palatable, the Government is clearly banking on its increased commitment to the industry. Investment tied to the previous project amounted to around FFr 13.8bn.

Van Agt announces Dutch elections for September 8

THE HAGUE — Mr Dries van Agt, the Dutch Prime Minister, has announced that general elections will be held on September 8, several weeks earlier than he would have liked.

Mr van Agt had hoped to hold the elections after September 21, the day the new parliamentary year begins, as under Dutch electoral law a cabinet formed from elections after that date would have held office for an extra year.

During a parliamentary debate on Tuesday on his interim government's policy programme, Mr van Agt said it was clear that most members of parliament favoured an earlier date.

Reuter

Nato seeks detente but keeps up its guard

By Jonathan Carr in Bonn

THE WESTERN allies will underline today both their readiness to seek "genuine detente" through dialogue with the East and their resolve to keep up their military guard.

This "double strategy" emerges in an important declaration to be issued at the summit meeting in Bonn of the member states of the North Atlantic Treaty Organisation (Nato).

It is understood to fulfil both the wishes of European countries — notably West Germany—not to break contacts with the East despite the Polish crisis, and those of the U.S., above all, for a strong military stance towards Moscow.

As a sign of the differences within the alliance which preceded the Bonn summit, two other statements as well as the main declaration will be issued, too.

One, to be signed by all 16 member states — that is, including new-member Spain and France, which is not a part of Nato's military command structure—will stress Western efforts for arms control and disarmament.

The other statement, which will not be signed by France, involves the efforts of the alliance for an integrated defence. It is understood to urge that further improvement in Western forces is needed, despite progress since the last summit in 1978.

Originally, it was intended to include much of the detail on "integrated defence" in the main declaration, but France, for one, indicated to the U.S. that it could not agree to that.

It was agreed, therefore, to put much of the specific defence material in a second document. A third then emerged on arms control as a "balancing item" at the wish of the European members.

The main declaration underlines that Nato is a defensive organisation, that it does not seek military superiority and that its aim remains a stable balance at the lowest negotiable level of forces.

It also stresses that Nato seeks a substantial and balanced East-West relationship with the aim of "genuine detente." The word "genuine" being inserted at U.S. insistence.

To break up this point further, the declaration says the allies will continue their efforts, as far as Soviet behaviour allows, for a constructive East-West relationship based on dialogue, negotiation and co-operation of benefit to both sides.

Warsaw Pact offer on troop reduction

VIENNA — The Warsaw Pact said yesterday it was ready to test Western proposals for unblocking stalled negotiations here on reducing both sides' armed forces in Central Europe.

Herr Andre Wieland, the East German ambassador, told the 308th plenary session of the 19-nation talks that the Communist alliance was prepared to take up a Nato suggestion that they draft written comparisons of their positions on issues under negotiation. But he added that this would have to be a purposeful process, aimed at reaching mutually acceptable solutions.

He was responding to a Nato proposal last April for a joint "stocktaking" to help clarify areas of agreement and disagreement and to assess results achieved so far in the Vienna talks, now in their ninth year.

A Nato spokesman said the West welcomed the Communist reply and would study it carefully.

Reuter

Bleak prospects for W. European jobless

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE SCALE of unemployment in Western Europe in five years' time could be as bad as in the depths of the pre-war depression, according to a joint study by institutes in six major countries, published today.

The study, co-ordinated by the Economist Intelligence Unit, suggests that unemployment in the six countries will increase steadily to more than 11m people by 1987, representing 10½ per cent of the total workforce.

The unit has co-ordinated forecasts for the UK, West Germany, France, Italy, the Netherlands and Belgium by setting common assumptions and comparing data for forecasting institutions.

One of the most disturbing conclusions is that even if the countries adopted a concerted programme of reflation, unemployment would nevertheless continue to rise, albeit at a slower rate.

The main forecast suggests an average annual growth rate of about 2¼ per cent for the six countries between 1981 and 1987, with inflation falling to an annual rate of about 7 per cent by the end of the period. However, the total current account deficit on the six's balance of payments could rise from about $12bn in 1981 to nearly $17bn in 1987.

These results assume that existing policies will be broadly continued. An alternative outlook has been produced on the assumption that the UK will apply a stimulus equivalent to about 2 per cent of output next year and that France, West Germany and the Netherlands apply a fiscal injection of about 1 per cent of output with a 2 percentage point cut in interest rates in the same year.

It is assumed that more expansionary policies in Italy and Belgium would be very unlikely. The consequence of generally easier policies in Europe would be to reduce unemployment by about 1m or 1 per cent of the workforce below the level it would reach in 1987 if policies remain as at present.

It is estimated that a small penalty would be paid in terms of inflation, which would be about ½ percentage point higher in 1987 than it would otherwise be. The growth in output would be stimulated to an annual rate of about 3 per cent in the next three years compared with about 2 per cent for the period on unchanged policies.

Generally, forecasters believe economic progress in Europe will be restrained by adverse external factors, whatever policies are pursued. The future pressures include:

- slowly rising real energy prices;
- competition from the U.S. and Japan in high technology;
- competition from Japan in traditional industrial goods including steel, shipbuilding, cars and other durables;
- competition from the newly-industrialised countries in the labour-intensive industries.

The EIU report says: "Within Europe, countries are only very slowly coming to terms with a world in which productivity growth is now lower, terms of trade developments less favourable and hence the prospects of real per capita income growth much more subdued than earlier trends had led the population to expect."

The major European Economies 1982-87. Economist Intelligence Unit Special Report No 127, 27, St James's Place, London, SW1 (£120).

SIX MAJOR EUROPEAN COUNTRIES: ECONOMIC PROSPECTS

	Output (annual % change)	Inflation	Unemployment (% of workforce)
1982	1.6	9.7	9.1
1983	2.4	9.0	9.4
1984	2.3	8.3	9.7
1985	2.3	8.1	10.1
1986	2.3	7.3	10.3
1987	2.4	7.1	10.6

Source: Economist Intelligence Unit

Commission warns on falling investment

BY JOHN WYLES IN BRUSSELS

FIXED CAPITAL investment is continuing to fall in real terms in a majority of EEC member states and governments must mount an urgent attack on the problem if Europe's economic performance is not to fall even further behind that of the U.S. and Japan.

This is the broad conclusion of a sombre assessment produced by the European Commission for the Community summit in Brussels at the end of this month. At their meeting at the end of March, heads of government agreed on the need to work for an investment recovery and called on the Commission to make any proposals it deemed useful.

It appears to see only a limited role for Community-level action and it puts the main responsibility for action on national governments. In particular, it urges an improvement in the "quality" of public expenditure through fiscal and financial incentives to investment and through structural policies for streamlining industries and strengthening training and research and development.

The Commission criticises governments for attacking their spending deficits through reductions in public investment rather than consumption. General government gross capital formation represented 4.1 per cent of gross domestic product in 1970, but this had fallen to 3.1 per cent in 1981, while total current expenditure had climbed from 33 per cent to 45 per cent of GDP in the same period.

The report calls for a re-examination of the effectiveness of a variety of fiscal and financial incentives to investment in the EEC. The Commission says that it has begun an analysis of investment incentives which will try to explain why savings are not adequately channelled into corporate investment.

It implies that public deficits are partly to blame but also points the finger at insufficient levels of real after-tax yield on corporate securities and structural weaknesses such as imperfect financial markets.

The Commission is forecasting a fall from 20.2 per cent in 1981 to 19.7 per cent this year in EEC gross fixed capital formation as a proportion of GDP. The equivalent figures for the U.S. have been slightly lower all through the 1970s but without the same declining trend. Since 1976, investment in Japan has been virtually static at around 31 per cent of GDP.

The EEC's deteriorating investment performance, argues the Commission, is part of the explanation for its declining share in world markets for manufactured products between 1973 and 1980. It is particularly concerned about the fact that the U.S. and Japan increased their share of technology intensive office and telecommunications equipment by 2.2 per cent and 1.8 per cent, while the EEC's declined by 1 per cent.

CBI condemns worker consultation plans

BY LARRY KLINGER IN BRUSSELS

EUROPEAN COMMUNITY proposals for increased worker participation in the management of industry and for greater company consultation with employees on a broad range of policy decisions were strongly criticised yesterday by a high-level team from the Confederation of British Industry. They were visiting Brussels for talks with the European Commission.

Mr John Raisman, chairman of the CBI's European Committee, said that the "Vredeling proposal" that employees be consulted before important policy decisions are taken was "totally misguided" and that the so-called Fifth Directive on worker participation in management was "totally unworkable."

While emphasising that a significant aim of the talks in Brussels was to reassure the Commission about British industry's support for the UK's fullest participation in the Community, the eight-man CBI team also wanted to make clear that there were several areas of serious concern.

Following talks with the five Commissioners responsible for economic policy, internal marketing, Community enlargement, foreign policy and budgetary affairs, Mr Raisman, told a news conference that the Vredeling and Fifth Directive proposals "as they now stand" held considerable dangers for the effectiveness of industry.

He hoped that the Commission, the European Parliament and, eventually, the member state governments would take great care before approving the measures.

On the other hand, the Fifth Directive, if properly drafted, could open up a wide range of welcome options and could be a big step towards recognising officially the differences in social structures in the member-states.

The Fifth Directive, which was first proposed 10 years ago, concerns primarily an attempt to give legal protection to the rights of employers, employees and share-holders. It proposes several options for worker participation in management, including two-tier and unitary boards with up to 50 per cent worker-directors or co-opted representatives from outside the company.

Comecon attacks West's 'economic blockade'

BY DAVID BUCHAN IN BUDAPEST

EASTERN EUROPE is showing some surprise and dismay to find itself included in the new Western credit restraint policy announced at the Versailles summit. At this week's Comecon summit here, all Communist bloc leaders have joined the Soviet Union in condemning the West's new "economic blockade."

Referring to the earlier specific Nato sanctions against his military regime, General Wojciech Jaruzelski, Poland's leader, delivered the hardest-hitting speech. "Th enemy is still attempting to halt stabilisation and rouse discontent" in Polanwd, he said. "An economic blockade has ben imposd on Poland which hinders the settlement of problems and delays the lifting of the state of emergency."

Hungary, in particular, is anxious about credit restraints because, thanks partly to its more successful economic management and to its entry last month into the IMF it believes it stands first in line to receive any new credits from the West.

However, Mr Ferenc Esztergalyos, head of the Western Department of the Hungarian Foreign Ministry, said Budapest takes some heart from the wording of the Versailles statement. This calls for "a prudent and diversified" Western aproach to East bloc lending and suggests to the Hungarians that an exception might be made for them.

President Francois Mitterrand of France, is due to visit Budapest next month and can expect to be pressed by his Hungarian hosts for clarification.

The Versailles decision covers officially - guaranteed loans by Western Governments. These amounted to $22bn or 27 per cent of total Comecon debt by last year. Only 2 per cent of Hungarian debt is underwritten by Western Governments, but like other East European countries, Hungary fears that Western commercial banks may take their line from their governments.

Regular Comecon ministerial sessions are noted for the humdrum nature of their central planning and trade co-ordination work. The only concrete decision this week is likely to be a protocol on co-operation in micro-processors and industrial robots, a programme pushed by the Soviet Union in its desire to improve industrial efficiency.

But the new Western credit moves have focused Communist leaders' minds on the shortcomings of Comecon itself, given the likelihood that member countries may now be trading more with each other. Mr Nikolai Tikhonov, the Soviet Prime Minister noted that last year Comecon countries did as much as 55 per cent of their total trade with each other.

The frankest complaint came from Mr Gyorgy Lazar, the Hungarian Prime Minister. Some Comecon countries, he said, were duplicating each other's efforts and failing to specialise efficiently like Hungary. He also said the Comecon record in trade deliveries and contract fulfilment had much room for improvement.

Gen Jaruzelski (left): "Enemy is trying to rouse discontent."
Mr Lazar (right): "Much room for improvement"

W. German coal plant goes ahead

By Kevin Done in Frankfurt

RUHRKOHLE, West Germany's dominant coal producer, and Ruhrchemie, a subsidiary of Hoechst, the country's largest chemicals group, are pressing ahead with plans to build the country's first commercial-scale coal gasification plant.

Shell recently announced the abandonment of its scheme to build a DM 670m (£157m) gasification plant in Wilhelmshaven that would have processed around 324,000 tonnes of imported coal a year into synthesis gas as a raw material for methanol.

The plans have been passed by Ruhrkohle's supervisory board, despite growing scepticism in Western Europe and the U.S. about the commercial viability of coal conversion plants.

The Ruhrkole / Ruhrchemie plant is still dependent on the granting of state subsidies. These have been applied for and Bonn made clear last year it is planning to devote up to DM 2bn (£470m) over 1982-1985 to promote coal conversion technology.

In special cases, it said it would be ready to fund up to 50 per cent of the capital investment costs. In addition, it would pay a subsidy of up to DM 60 (£14) per tonne if domestic coal [illegible] material.

The Ruhrkohle/Ruhrchemie plant is to be built at Oberhausen-Holten in the Ruhr region and should be ready for commissioning in 1986. It is planned to process 250,000 tonnes of locally-produced coal a year into 320m cubic metres of synthesis gas and 80m cubic metres of hydrogen. The process will also provide around 480,000 tonnes a year of steam, which will be used as an energy source by Ruhrchemie.

Cost is estimated around DM 220m (£51m). On the basis of the coal subsidy, the state will face payments of up to DM 15m (£3.5m) a year in supporting running costs of the plant once production is started.

The synthesis gas from the plant will be used directly on site by Ruhrchemie for the production of oxo-alcohols and oxo-aldehydes, and the close production co-operation between the two companies has clearly played an important role in supporting the project's commercial viability.

The decision to go-ahead with the Ruhrkohle/Ruhrchemie plant for gasifying hard coal means that West Germany will have two large commercial-scale coal conversion plants under construction using modern technology.

Last December, Rheinbraun began construction of a DM 600m (£140m) plant for converting around 2m tonnes a year of lignite into 1bn cubic metres a year of synthesis gas. The first stage should be completed by 1984 and full production will be reached in 1988.

Romanian economy reaches for 'unrealistic goals'

BY LESLIE COLITT IN BERLIN

ROMANIA'S CRITICAL balance of payments deficit could be reversed by as early as 1985 if $3bn in debt due last year and this is rescheduled soon by Western creditors in the near future, according to an analysis by DIW, the West German Institute of Economic Research. But the report, by DIW's Comecon section, also concludes that there is little chance of the faltering Romanian economy showing any marked improvement in the next few years.

Western bankers negotiating with Romania to reschedule its debts are studying economic information recently provided by Bucharest as a condition for an agreement. If the information is accepted, Bucharest could present a formal request for rescheduling to the banks this month or next.

The institute says Romania will continue to slash imports and increase exports to achieve its goal of a $1bn balance of payments surplus. This would cover estimated annual interest payments on debts of some $1bn, but it would necessitate a sharp drop of imports in real terms, which would harm production and, in the long term, hurt the country's export potential. Last year, Romania achieved a trade surplus of $300m, but DIW points out that it is unclear what proportion of Romania's dollar trade—said to make up 73 per cent of total trade—was on a clearing basis. Such surpluses are not freely available and cannot be used to repay interest.

Economic targets

The DIW analysis says Romania's economic targets have become increasingly "unrealistic" and no longer provide a basis to forecast economic development. In 1980, planned national income—roughly equal to gross national product minus services—was to have risen 8.8 per cent but actually rose 2.5 per cent. Last year, it was planned to increase 7 per cent but rose only 2.1 per cent, the lowest increase since 1956. This year, the target is for 5.5 per cent economic growth.

Romania's gross industrial production rose by 2.6 per cent in 1981, the worst since 1945, instead of the goal of 7 per cent growth. President Nicolae Ceausescu told a Western correspondent earlier this year that net production had risen 4 per cent last year, prompting a West German Comecon expert to call this a "virtually impossible feat, even in the Balkans." The growth target for gross industrial production this year is 4.7 per cent, which DIW regards as "unlikely."

Mr Ceausescu, himself, has said on several recent occasions that production figures by industrial ministries do not always conform with the actual results. Thus, although coal output was to have risen to 51m tonnes last year it reportedly rose to 37m tonnes and even this figure was cast in doubt by the Romanian leader.

The DIW report is pessimistic about this year's target for industrial output because of the lack of available manpower, increased import restrictions and the extremely poor supply of food.

Energy and raw materials are the economy's Achilles heel. Oil production last year stagnated at 11.6m tonnes, instead of the 15m tonnes planned. Romania aims to increase its production up to 1985 while only marginally boosting consumption of raw materials and energy. Reduced consumption levels originally set for 1985 are to be introduced by 1983.

DIW, however, recalls that last year's import restrictions on raw materials and semi-manufacturers influenced production negatively. Although electricity output last year rose twice as fast as industrial production, regular power cuts were introduced. The Institute concludes that if the restrictions on materials consumption are maintained then industrial production will rise only slowly.

As an agricultural nation in transition, through an agro-industrial one, Romania has run into serious problems with its farming sector after a high 5 per cent agricultural growth in the five year plan to 1980.

DIW says that, instead of providing a large export surplus to finance raw materials imports, Romanian agriculture since 1980 has become a net importer if fertiliser and farm equipment imports are included. Rationed food and long queues have become a disincentive to produce more.

Farm problem

The origin of the farm problem, the institute says, was the shift from crop to animal production. Although annual meat consumption, at 60 kg per capita, is the second lowest in Eastern Europe after Bulgaria, it doubled in the 10 years to 1980. This led to a sharp increase in fodder use, while the collective and state farms abandoned grazing.

With 20 farmers per 100 hectares of land, says DIW, Romania has the second highest over-employment in agriculture after Poland. Despite considerable investment in farming, the pre-hectare harvest results are among the lowest in Comecon, largely because of organisational failures.

New measures have been introduced to increase purchase prices for crops and animal products while farmers' income is to rise by up to 25 per cent, depending on production increases. DIW explains, though, that planned targets have again been set extremely high so that farmers will have difficulty in earning the higher income. Grain production this year, for example, is to rise 20 per cent to 24m tonnes. The danger, the report points out, is that these "unrealistic targets" will remove the incentive for farmers to boost production, leaving agriculture a "problem child" of the Romanian economy in the future.

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Grain contracts with Moscow seem likely

BY JIMMY BURNS IN BUENOS AIRES

PROSPECTS for Argentina's crucial cereals trade appear to have improved following the visit of Sr David Lacroze, the under-secretary for agriculture to the Soviet Union.

Sr Lacroze said on his return from Moscow earlier this week that he was confident Argentina would secure contracts of at least 2m tonnes from the Soviet Union.

According to trade officials in Buenos Aires, Argentina has about 4.5m tonnes of coarse grain left for sale from the current 1981-82 harvest. They say the remaining 2.5m tonnes could be sold to new markets, even though this might mean Argentina cutting prices.

Last year the Soviet Union bought 12m tonnes of Argentine cereals, nearly 80 per cent of the country's total grain exports. But since the outbreak of the Falklands crisis, the Soviet Union has not signed any new cereal contracts with Argentina.

Soviet purchases of coarse grain and wheat under existing contracts have totalled about 8m tonnes this year. Most of these were signed under the terms of a five-year agreement which commits the Soviet Union to buying at least 4.5m tonnes of Argentine cereals until 1985.

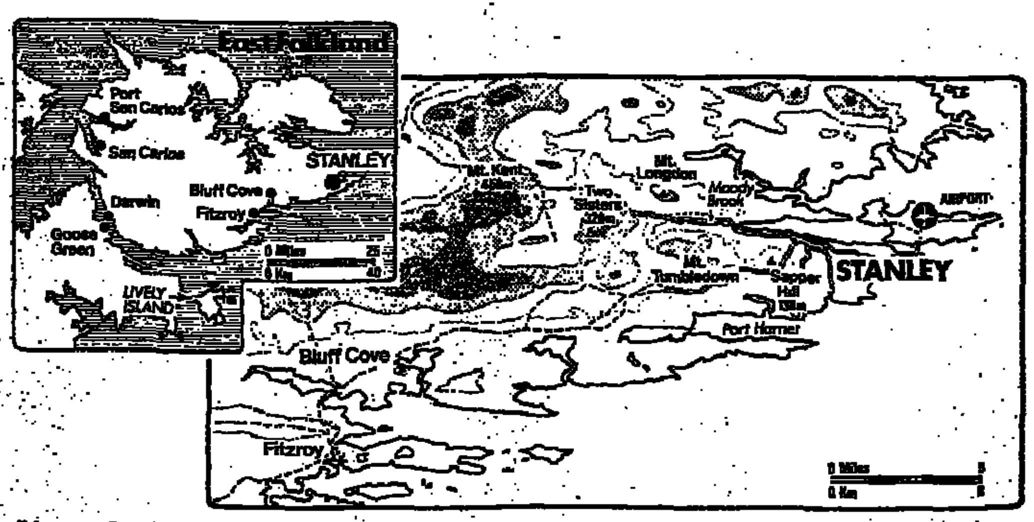
Officials say that a potentially disastrous shortfall in Argentine cereal exports has been avoided thanks to the signing of new contracts in recent weeks.

New sorghum sales have been made to Venezuela, Spain and Taiwan, while substantial volumes of soya beans have been sold to Brazil. Iran has agreed to buy some 1.1m tonnes of Argentine grains over the next 12 months.

Argentina is also hoping to secure contracts with China, Japan, Mexico and Saudi Arabia. Traders claim that other buyers will return to the Argentine market once maize prices are brought down to more competitive levels. Italy is tipped as a potential customer.

Argentina does not appear excessively worried about the prospects of losing substantial contracts to the U.S., the most obvious alternative supplier to the Soviet Union. The U.S. has indicated its willingness to increase sales to the Soviet Union.

It is also said that in spite of the Falklands crisis, there have been few problems for grain ships calling at Argentine ports, though some ships which normally export oil products have refused to dock in recent weeks.



Line up for the land battle for Port Stanley: Despite the Argentine bombing of British landing craft 15 miles from the Falklands capital, British troops are now thought to surround the estimated 6,000-7,000 strong Argentine garrison in Port Stanley. Major British troop concentrations are now said to be dug in around Mt Kent, the forward headquarters, and the Two Sisters ridge, with forward patrols probing Argentine defences possibly beyond Mt Tumbledown. The latest troop movements, announced by the Ministry of Defence in London only at midnight on Tuesday, involved the repossession of Bluff Cove and Fitzroy by "elements" of the 5th brigade. Both were apparently undefended by the Argentines, who retreated some time last week for Port Stanley. Capture of the settlements, which is said to have taken place last Friday, gives Britain command of the rough tracks leading to Stanley. It is thought that the bridge has been repaired by Royal Engineers and that possibly 1,000-2,000 men have now gone forward to reinforce their colleagues. There are 9,000 British troops on the islands, with the majority now near Port Stanley

Figueiredo to decide on Vulcan

By Andrew Whitley

PRESIDENT Joao Figueiredo of Brazil is to decide personally on the fate of the Royal Air Force Vulcan bomber which made an emergency landing at Rio de Janeiro last Thursday.

The bomber, temporarily based on Ascension Island, was taking part in operations involving the Falklands war when it apparently ran out of fuel and was forced to land.

The incident is embarrassing for both the British and Brazilian Governments. Both sides recognise that it was a genuine accident with no other political or military undertones, but the fact that the President himself is to adjudicate indicates its sensitivity.

Britain has formally requested the return of the plane and its five-man crew through the embassy in Brasilia.

To make matters worse for London's efforts to prevent relations with Argentina's neighbours being worsened by the war in the South Atlantic, a second diplomatic tangle has arisen simultaneously.

Explanations are being made to Uruguay over how spare parts for Harrier combat aircraft operating with the British Task Force came to be mixed up with medical equipment in a cargo which arrived by air at Montevideo last weekend.

Bluff Cove terrain 'a quagmire'

The following is a pooled despatch by Richard Savill, Press Association, from Bluff Cove, East Falkland, dated June 6.

Gale-force winds and driving rain over the weekend impeded advancing British troops as they tightened the noose around Port Stanley.

A low mist prevented helicopters bringing in all essential supplies to the front-line forces, and already difficult terrain was turned into an almost impassable quagmire.

British frigates pounded the capital through the night in one of the biggest naval bombardments yet, and the dull thud of the explosions could be heard 15 miles away.

The sudden deterioration in the weather has become a vital factor in the timing of any assault on Port Stanley, which until a few days ago seemed imminent.

Meanwhile, a picture of life in Port Stanley under Argentine rule is emerging from settlers who recently went to the capital by Land-Rover to get essential stores.

The civilians were divided up into different accommodation and appeared to be allowed to walk the streets freely. On one occasion the Argentines had lined them up outside the Falkland Islands Company offices, searching for military infiltrators.

The shadow of the Andes tempers war fever in Mendoza

BY HUGH O'SHAUGHNESSY, RECENTLY IN MENDOZA

THE WAR FEVER which grips Buenos Aires is a few degrees lower near the Andes. Mendoza is at the foot of South America's massive mountain chain, in the shadow of Aconcagua, the highest mountain on the American continent. It commands the road and rail approaches to Chile through the Uspallata Pass. The Chilean capital is a short flight.

Indeed, this city of 500,000 people was founded by settlers from the other side of the Andes, in 1561. It was governed for centuries from Chile, and still instinctively looks west to Chile and the Pacific, rather than south to the distant Falklands and the South Atlantic.

There are blue, white and blue Argentine flags, not least in the window of the local office of the Lloyds Bank subsidiary, the Bank of London and South America, but not in the abundance found in Buenos Aires. There are also patriotic posters and caricatures of Mrs Thatcher on the walls of the leafy autumn avenues, but more sparse than in the capital.

Fewer soldiers from Mendoza appear to have been drafted to the Falklands than from other provinces. The crowds reading the latest war news on blackboards outside the offices of the main local paper, Los Andes, are smaller than in Buenos Aires.

This is not to say that the Mendocinos have been uninfluenced by decades of indoctrination to believe passionately that Argentina has a claim to the Falklands. It is just that Chile is more immediate.

Mendoza is very much the barometer of Chilean-Argentine relations. When goods were scarce and the going rough for the Chilean middle-classes during the presidency of Dr Salvador Allende from 1970 to 1973, Mendoza was filled with Chilean shoppers, buying what was unavailable in Santiago. Many monied and professional people came across the border to Mendoza to settle and buy land and houses.

Now, with Chile under Gen Pinochet, the poorer Chileans seek work they cannot find in Chile and take jobs at less than the going rate for Argentine labourers and farm hands.

Apart from Chile, the main preoccupation of the Mendocinos is the slump. At the best of times, Mendoza, while much richer than most of neighbouring Chile, has a very precarious grip on prosperity. Less than 7 per cent of the province's 150,000 sq km is arable and much of that depends on artificial irrigation from the streams and rivers which run down into the desert from the eternal snows of the Andes.

There are energy resources in the form of oil and natural gas, and the state oil company YPF has a large refinery at Lujan de Cuyo, half an hour's ride south of the city.

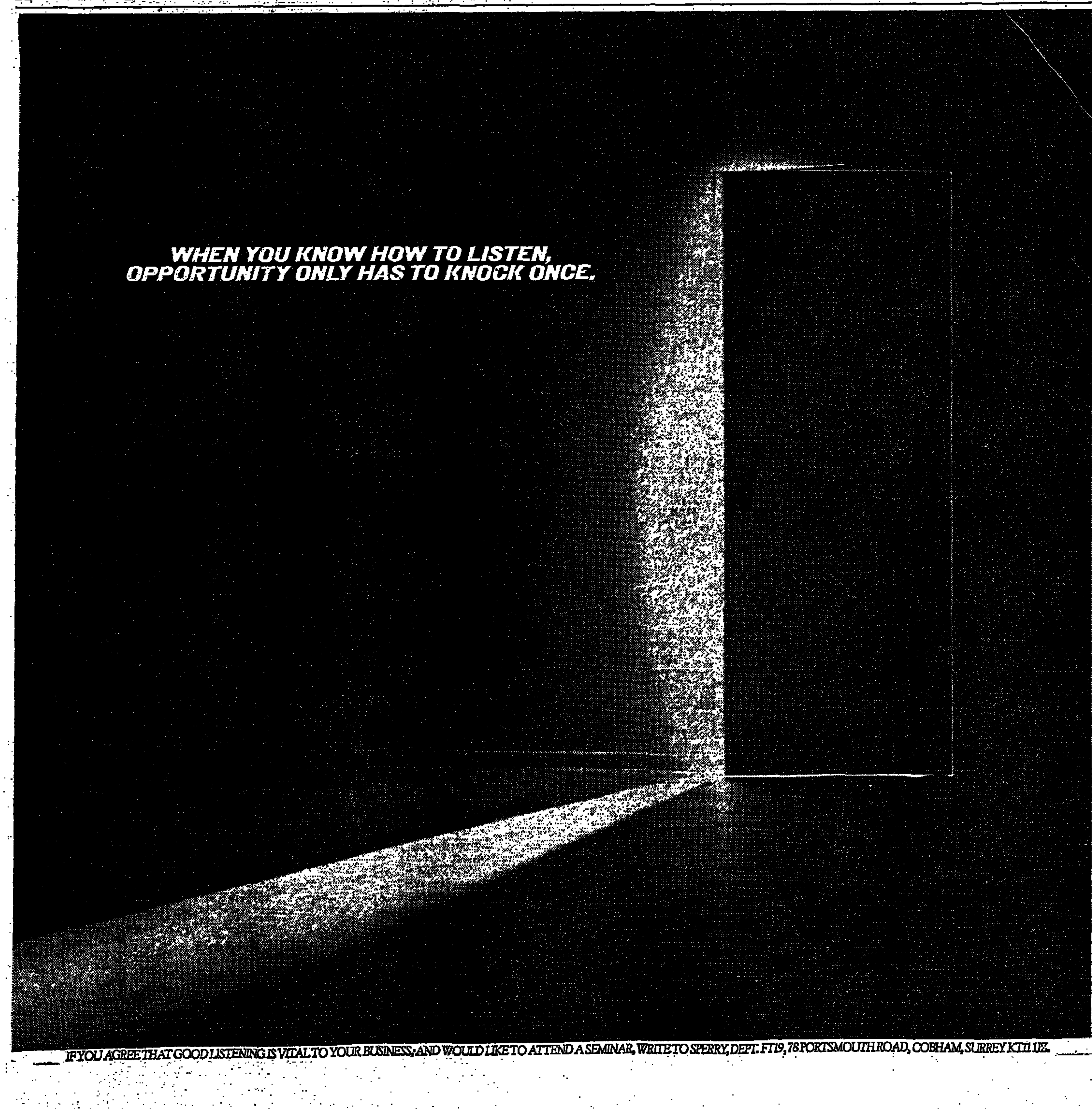
The conservative and proud Mendocinos complain that Buenos Aires gives them no control over such resources. Argentina is supposed to be a federal state. In practice, every major decision is taken in the capital. "We are very keen to move back to local autonomy," said one prominent local citizen.

In practical terms, Mendocinos rely on their farm sector for their earnings. Argentina is the world's fifth largest wine producer and Mendoza is the country's most important wine-growing province. But wine is in the doldrums.

Local demand is poor, as real wages in Argentina plummet and export business is slow. European demand for Argentine wine, lower in quality than the neighbouring Chilean product, was slow even before the boycott of Argentine goods and is now non-existent.

The olive and fruit growers, too, have their troubles. They are finding it difficult to sell in the Argentine market and even more difficult to find foreign markets.

Recession has hit Mendoza and as Argentina's problems grow, there can be little prospect of an early recovery.



OVERSEAS NEWS

Lebanese car with white flags waving drives among the column of Israeli tanks moving north towards Beit Eddine ● Villagers in South Lebanon wave at the troops

London suspects 'not PLO'

By Anatole Kaletsky in Washington

U.S. OFFICIALS believe the suspects being held in London after the shooting of Mr Shlomo Argov, the Israeli Ambassador, were not members of the Palestine Liberation Organisation (PLO) but belonged to a Syrian-based terrorist group fiercely opposed by the PLO leadership, it was reported yesterday in Washington.

U.S. officials say there is "no doubt" the terrorist suspects belong to a group called "Black June," which broke away from the PLO in 1975. This group may now not even be headed by a Palestinian and is openly hostile to the PLO, according to a report in the Washington Post. It was earlier stated in London that a hit list belonging to the suspects contained the name of a PLO official.

Some members of the Reagan Administration are concerned that the London shooting, which provoked Israel's attack on PLO positions in Lebanon was not masterminded from Lebanon. The Israeli attitude, expressed by Mr Moshe Arens, the ambassador in Washington, earlier this week, is that "it is a well-known tactic of the PLO to come up with new names, but they are all part of the same Mafia-type octopus that works out of Lebanon."

Reginald Dale adds from Bonn: The U.S. has expressed its concern to Mr Menahem Begin, the Israeli Prime Minister, that Israeli forces have advanced into south Lebanon well beyond that 25 mile limit originally mentioned by the Israeli cabinet, Mr Alexander Haig, the U.S. Secretary of State, said yesterday.

Mr Haig's comments, made on a flight from London to Bonn for the Nato summit, appeared to imply that the U.S. would be less worried about a 25 mile advance—despite the fact that the U.S. has called for an immediate withdrawal of Israeli forces. The original objective was meant to remove the threat of Palestinian artillery, rocket and infiltration attacks against northern Israel.

Mr Haig refrained from any direct condemnation of Israel's action, and said that the military movements beyond 25 miles might be described as "tactical and not necessarily strategic." He admitted, however, that if Israel's aim was to be accomplished, the timing of a withdrawal of its forces was going to be difficult.

The problem, he said, was the conditions that Israel would apply—whether they would be acceptable to the U.S. or to the international community and whether appropriate conditions could be put together quickly.

Arab leaders pledge support for Lebanon

BAHRAIN — Amid reports of Palestinian anger at the failure so far of fellow Arabs to come to their aid, growing numbers of Arab leaders yesterday pledged support for Lebanon and the Palestinian resistance movement facing Israeli invasion.

Kuwait, *following* an emergency Cabinet meeting, declared it stood by Lebanon and the Palestinians in repelling danger and obtaining their legitimate rights, a Government spokesman said. He also said Kuwait would attend a special Arab League meeting tomorrow, called by Lebanon to discuss the invasion. The venue of the meeting has not yet been decided.

In Qatar, the Cabinet expressed similar support and said complete Arab solidarity was the only way to confront Israel.

The Emir of Kuwait, Sheikh Jaber al-Ahmed al-Sabah and heir-apparent, and Prime Minister Sheikh Saad al-Abdullah al-Sabah followed up their Government's pledge of support with personal telephone calls to Lebanese President Elias Sarkis and Prime Minister Shafiq Wazzan. They also spoke to Palestinian guerrilla leader Yassir Arafat, the spokesman said.

Last night, King Khalid of Saudi Arabia sent a telegram of support to President Sarkis.

In the United Arab Emirates (UAE), the federal national assembly denounced Israel and urged Arabs to overcome their discords quickly and face the situation. It also asked for aid to Lebanon and the Palestinians.

Mahmoud Abbas, the member of the executive committee of the Palestine Liberation Organisation (PLO), briefed UAE officials in Abu Dhabi and called for swift help for the Palestinian resistance movement.

"The Zionist enemy has not committed its aggression without the aid of the United States and the West European countries," he told the official Emirates news agency.

Arab newspapers reflected the bitterness felt over the attitude of the superpowers towards the invasion. Some dailies, notably Al-Riyadh of Saudi Arabia, urged a Jihad (holy war) and Syrian intervention.

Kuwait's al-Qabas daily asked why President Hafez al-Assad of Syria, which has 30,000 peace-keeeping troops in Lebanon, was waiting in the face of the invasion. "The only solution to lift the siege on the Palestinian and Lebanese fighters is . . . for Syria to enter the war with all its forces," the newspaper said.

The UAE newspaper al-Wahda said that Israel had ambitions of expanding its borders to Saudi Arabia and Iraq as a step towards reaching the oil wells of the Arabian peninsula.

The Saudi daily al-Madina said it was astonishing that the Soviet Union, which only four months ago had pledged to defend the Palestinian resistance and Syria against Israel, had not fulfilled its obligations.

"Most big powers offer the Arabs nothing but words and false hopes only to boost their own economy and armaments trade," the newspaper said.

In Cairo, the widely-read al-Akhbar said: "When Israel launched this barbaric aggression on south Lebanon it had the superfluous excuse of the shooting of its ambassador in London.

Palestinians camouflage anti-aircraft gun outside Beirut

PLO prepares for the worst as Israelis reach Beirut

Palestinian return worries Jordan

BY RHAMI KHOURI IN AMMAN

ISRAEL'S invasion of Lebanon is causing deep apprehension in Jordan that pressure will now mount on King Hussein to permit the Palestine Liberation Organisation (PLO) to resume its political presence in the country and its cross-border guerrilla operations.

Jordan has insisted since it drove the PLO guerrillas out in 1970 that this could only be permitted as part of an overall Arab strategy. Other countries bordering Israel would have to allow similar guerrilla operations and this would have to be linked to a political programme aimed at reaching a comprehensive Middle East peace.

Mr Mudar Badran, the Prime Minister, has announced however that Jordan will provide facilities for anyone who wishes to fight the Israeli attack to travel to Lebanon. Medical supplies and cash donations are also being sent to aid the resistance in Lebanon.

The Jordanian authorities meanwhile fear that the Israeli invasion will sharply increase tension among the local Palestinian population. Emotions ran high among the Palestinians in 1978 when Israel launched its last major assault on south Lebanon.

The Palestinians in Jordan, who are estimated to form about half the population, were particularly bitter that the PLO was left to fight the invasion single-handed and the rest of the Arab world offered only words of encouragement.

Simon Henderson adds: Israeli tanks operating in Lebanon have been modified to provide extra protection from anti-tank missiles and opposing tanks.

Slabs of extra armour have been fixed to the upper hull and turret of both U.S.-made M-60 and British-made Centurion tanks. This is apparently to protect the gap at which enemy gunners normally aim.

During the Second World War, German tank crews wrapped spare tracks around this vulnerable area and Soviet crews placed sand bags on the hull. But this is the first time more permanent modifications have been made.

A tank expert in London said yesterday that the latest Western tanks do not need such extra armour, as they have a superior design to protect themselves. But many Third World nations could now want similar modifications. There are estimated to be several thousand Centurion, M-60s and M-48s tanks in service throughout the world.

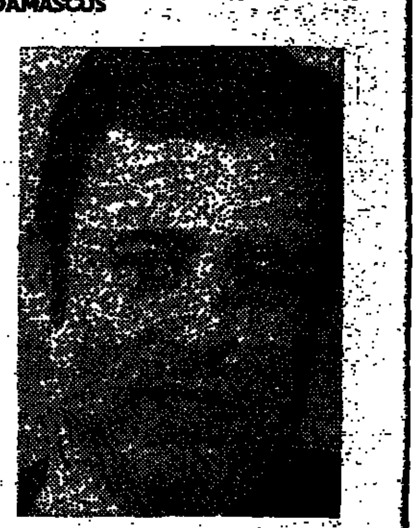
For the past 20 years defence experts have watched Israeli tank and aircraft design closely, to note changes made as a result of battlefield experience. The Israeli Merchava tank, the first designed and made in Israel, does not appear to be carrying the extra armour. It is also operating in Lebanon.

Syria prepares to mobilise troop reserves

BY PATRICK COCKBURN IN DAMASCUS

SYRIA was preparing for general mobilisation of reserves yesterday as the Israelis threatened to cut the highway linking Damascus to Beirut. If the troops are mobilised, it will be difficult for the Syrians to keep out of a more widespread conflict with Israel, according to diplomats.

The mission of U.S. special envoy Mr Philip Habib had still to get off the ground by late yesterday afternoon. After an early morning arrival he was still in discussions with the American ambassador to Syria. Palestinian leaders in Damascus quoted by Abdul-Halim Khaddam, the Syrian Foreign Minister, as telling them that "Syria entirely rejects all the conditions of Menahem Begin and Philip Habib."



Mr Khaddam . . . sees Soviet ambassador

Syrian officials claim that they now have 65,000 men in Lebanon though this is well in excess of diplomatic estimates. These suggest that by early yesterday morning, Syria had moved two regiments of T-55 tanks, two battalions of special forces and one tank battalion from the first division, stationed south of Damascus, into Lebanon. This is in addition to 25,000 Syrian troops already in the country.

The 91st tank brigade, already in the key Bekaa Valley before the Israeli invasion, has taken up new positions with strong elements facing the Israelis in the south Bekaa. Forces within Syria are at the highest state of alert but Damascus itself remains calm and the imminence of war seems to have made little popular impact.

Nevertheless general mobilisation will mean the call up of 400,000 reserves in addition to the 170,000 in the Syrian ground forces.

The main Israeli threat to Syrian strategic positions is at the crossing point near Sofar where the road from Beit ed Dine joins the Damascus-Beirut road. Syrian tanks were rushed to defend part of the highway when it was threatened by the Israelis late on Tuesday night. Loss of the road would cut off 4,000 men in the Syrian 85th Brigade in Beirut.

Syria will probably regard the permanent seizure of this highway or a push into the Bekaa Valley by the Israelis as a casus belli. The Syrians also know, however, that if they fight the Israelis alone, without allies, they are likely to be defeated.

The only military ally which could assist the Syrians in such a war is the Soviet Union, with whom Damascus signed a treaty of friendship and cooperation in 1980. This is believed to guarantee Syria against Israeli attack, if necessary by the despatch of Soviet ground forces, but it does not include Lebanon.

Some diplomats in Damascus believe that Soviet troops could be sent here very quickly and use the large amounts of material and some of the 3,700 tanks already stockpiled by the Syrian army. It is possible that President Hafez al-Assad, feeling that he has no alternative, might risk a war in Lebanon if he felt he had strong enough Soviet military backing to defend Syrian territory from direct Israeli attack.

This would clearly be a risky option for the Soviets to take. "They can sit back in Moscow and let the Americans discredit themselves with the Arabs," said one diplomat yesterday. The Soviets are also thought to have a poor opinion of the training of the Syrian forces.

Just how far the Syrians can rely on the Russians is still unclear. Mr Ivan Akharpov, the first Soviet vice-premier, visited Damascus at Syria's invitation in late May. The Soviet ambassador in Damascus met with Mr Khaddam yesterday, but it is not known what was discussed.

Without the Soviets, Syria will have only a limited chance in a war which the Syrian leadership has done its best to avoid. The sudden expansion of Israeli penetration into Lebanon and demands from Mr Menahem Begin, the Israeli Prime Minister, that Syrian troops leave Lebanon entirely seems to have caught them by surprise.

When the Crusaders' castle started showing its age

BY STEWART DALBY, WITH THE ISRAELI FORCES IN SOUTHERN LEBANON

BEAUFORT CASTLE sounds like a bucolic setting in southern England which ought to have a golf course. But this particular castle was a Palestinian stronghold until last weekend, when it was snatched from them at great cost by the invading Israeli forces.

Built by the crusaders 700 years ago, it shows every day of its age. Having survived the Middle Ages relatively unscathed, it took a heavy battering in 1978 when the Israelis first defeated the Palestinians. The weekend battle to repossess it was bloody.

The rubble strewn over the dirt approach road, the empty artillery shells, the bright brass expended cartridges glistening in the blazing sunshine, as well as the hastily abandoned tins of Chinese corned mutton, all testify that the 50 or so well-dug-in Palestinians needed a lot of winkling out.

Yesterday the black and white flag of Major Saad Haddad's Christian militia flew alongside the red and white flag of Free Lebanon at the castle.

Occupying the high ground over Nabatieh to the north and the assumed Syrian positions to the north-east, Beaufort is an important vantage point for the Israelis to hold.

It is also a critical staging post as the Israeli armour continues relentlessly driving north past Nabatieh. For six hours yesterday I watched as an unbroken convoy of lorries, tanks, armoured personnel carriers, bulldozers and catering vans crept towards us up the corkscrew road.

Beaufort stands just off the "main road"—a dusty, potholed, heavily mined track which looks like something from an advertisement for a Greek holiday. The terrain is a brown and green patchwork of olive groves set in rolling hills, with rushing streams in the valleys giving way to sharp ravines around Beaufort.

The convoy looked like a huge procession of beetles throwing up huge clouds of red dust. Beside it men walked with thin steel sticks, probing for mines. In the background dull thumps of artillery sounded to the north-east.

"Is that shelling?" one reporter asked. "Yes, of course. Did you think it was exhausts backfiring?" the Israeli captain replied tartly. Perhaps it was the Palestinians, perhaps the Syrians, he said.

Accompanying the artillery fire were sharp bangs as supersonic jets flew across the valleys and endless chocolate-coloured helicopters, with bundles of supplies suspended beneath them, flying low through the hilltops to avoid enemy fire.

In the wake of the column are the abandoned posts of the Nepalese troops of the Unifil force, and the battered but unbroken communities of Christians and Shia Moslems, who have been trampled like reeds by the opposing forces.

In the village of Tibnit just below Beaufort Castle many houses lay crumbled and bullet-scarred, with rusted girders and pockmarked breeze blocks in haphazard piles.

But tomatoes and tobacco plants thrive, geraniums and rhododendrums blossom everywhere. War, rockets and bombs notwithstanding, washing is hung on the line. In the Moslem homes, pictures of Ayatollah Khomeini are prominently displayed.

These people have seen so many invasions that they are friendly to everyone. One small boy came up to our car and spoke in Arabic. When he got no response, he drew a Star of David in the thick dust on the window.

Sino-U.S. settlement prospects improve

BY TONY WALKER IN PEKING

SENIOR western diplomats in Peking believe that U.S. concessions to Chinese sensitivities over Taiwan may have laid the basis for a settlement, but warn that the two sides are still some way from agreement.

A fresh round of negotiations between U.S. and Chinese officials is expected to resume in Peking soon. A joint statement, perhaps, in the form of a supplement to earlier agreements such as the Shanghai communique and the agreement on normalisation of relations, would reaffirm that the U.S. commitment to a "one-China" policy and would indicate that the U.S. is expected to phase out arms sales to Taiwan.

But the Chinese may not be prepared to accept a less than firm U.S. commitment to phasing out arms sales within a specified time.

A U.S. President would find it almost impossible to agree a firm cut-off date for arms supplies because of legal constraints such as the Taiwan Relations Act, which specifies continuing military support for Taiwan.

China has indicated that it may be prepared to compromise provided there were agreement on a phased reduction and provided that the arms sold were strictly of a defensive nature.

Western diplomats in Peking say the Chinese have been surprised and pleased by the apparent distance President Reagan has moved from his original pro-Taiwan position.

In a letter to Deng Xiaoping, the Communist Party vice-chairman, dated April 5, Mr Reagan gave qualified endorsement to China's nine-point peace proposal for the reunification of Taiwan and the mainland. In a letter of the same date to Zhao Ziyang, the Chinese Premier, Mr Reagan hinted that the U.S. may be prepared to agree to a phased reduction in arms supplies.

In return for the concessions, the U.S. is believed to have been pressing the Chinese for a commitment to peaceful reunification with Taiwan.

China refuses to rule out the use of force as it believes that to do otherwise in return for U.S. concessions on arms sales would amount to an infringement of its sovereignty.

"The Americans have a vested interest in taking up their position for domestic as well as international reasons," according to a Western diplomat in Peking. "If the talks break down and relations are downgraded, then Reagan can say he has bent over backwards to satisfy Chinese objections."

An important development is that Mr Reagan has become directly involved. This is indicated by his letters to Chinese leaders and by his despatch of Vice-President George Bush to Peking for urgent talks.

The recent talks between Mr Howard Baker, the Republican majority leader in the Senate and a confidant of the President, and Deng Xiaoping apparently progressed well. It was considered significant that during the discussions China's paramount leader proposed a meeting with Mr Reagan.

The U.S. ambassador in Peking, directly responsible for the sensitive negotiations with the Chinese, was in Washington last month and met President Reagan to discuss the Taiwan issue.

That meeting was interpreted as a further indication of the importance President Reagan attaches to an agreement with the Chinese to end more than a year's bickering over Taiwan, which has at times seriously threatened Sino-U.S. relations.

Nigeria calls for Chad poll

LAGOS—Nigeria has called on rebel forces which took N'Djamena, the capital of Chad, two days ago to move quickly towards free elections and asked other countries not to interfere.

A Foreign Ministry statement issued last night said Nigeria hoped the armed forces of the north (FAN), loyal to former Defence Minister Mr Hissene Habre, would now move quickly towards setting up a broadly based provisional government

Other countries should exercise maximum restraint in reaction to these developments and avoid meddling in Chad's affairs, it said. It added that Nigeria was particularly gratified that the seizure of N'Djamena had occurred without a bloodbath.

Reuter

Taiwan microcomputer advance

BY BOB KING IN TAIPEI

A TAIWAN microcomputer manufacturer has developed what may be the world's first personal computer with Chinese language as well as English capabilities.

Multitech International Corporation, a small Taiwanese research and development firm, has just unveiled the microprocessor II Z, which functions both as a home computer and an educational aid designed to teach newcomers the ins and outs of microprocessors.

Mr Stan Shih, the company's president, said yesterday that the new device is an updated version of its microprocessor I, which was introduced last year. He said the new version, which will be sold both in Taiwan and abroad, equals or exceeds in functions and features higher-priced devices such as the Apple II home computer.

The basic microprocessor II, which the user can connect directly to his television set and to a standard cassette-tape player, will retail for $500 with Chinese-language capability. The English-only version will retail for $300. Export prices are half suggested retail, and even lower in large quantities. By comparison, he said, a similar Apple II costs $1,300.

When options such as a $200 speech synthesizer and generator are added to the Multitech computer, the device offers computerized instruction in English, Chinese and music.

In its standard form, the computer offers the user television games, as well as more practical functions such as household financial management, and stock, payroll, and accounting services for small businesses. It will also teach students the basic computer language, and when options are added it will teach three other computer languages as well.

Mr Shih said the new computer is "98 per cent compatible" with existing software packages for the Apple II, which served as a model for the firm's design approach to the Microprocessor II.

However, the company will not provide this software for its foreign customers, because that would violate Apple patents. Distributors abroad will have to either develop the programmes their customers need, or buy Apple programmes and modify them.

The heart of the Chinese capability is a unique system of Chinese-character generation using only 24 keys marked with the same number of character components to generate more than 22,000 Chinese characters.

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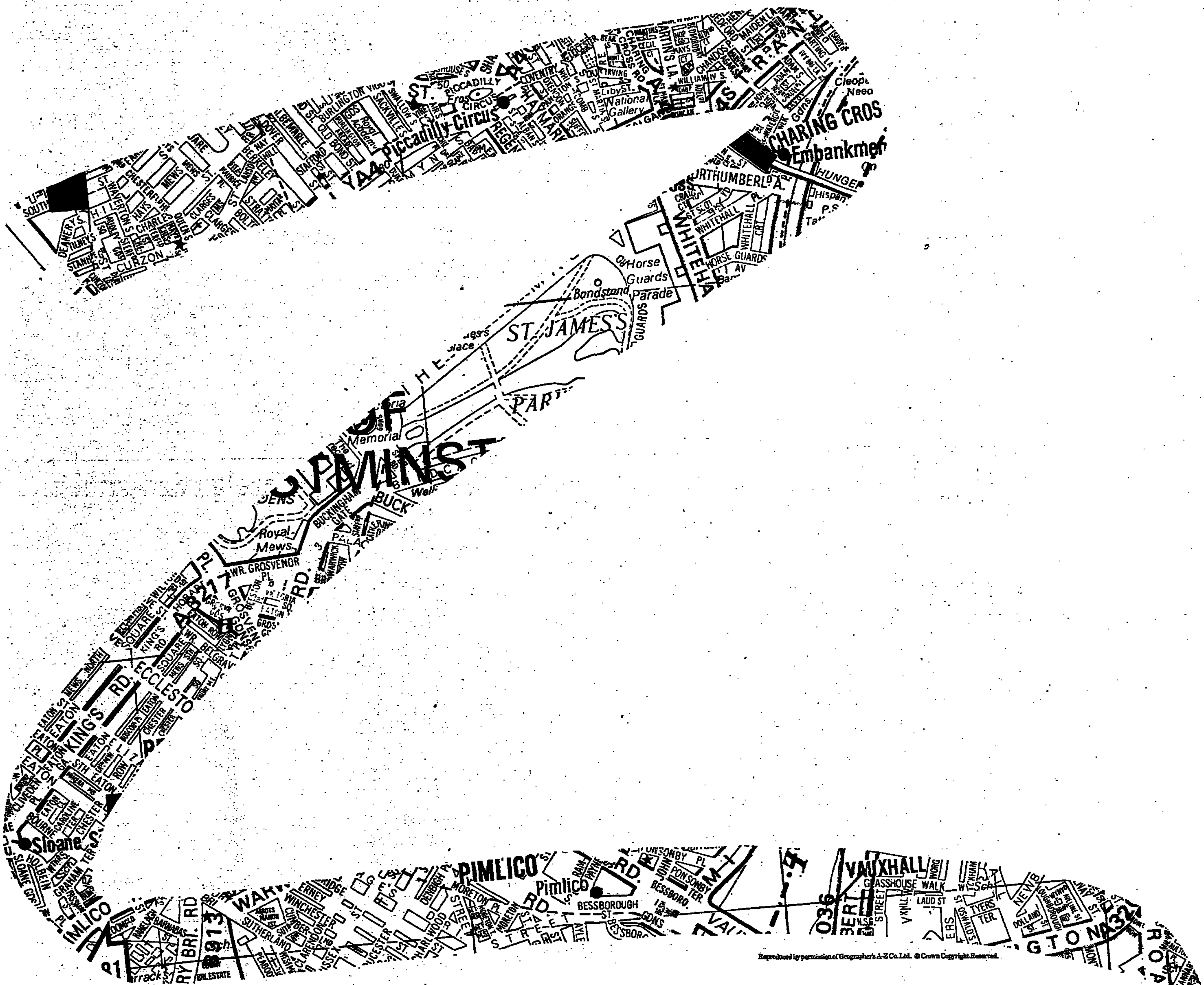

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AMERICAN NEWS

U.S. parties offer plans to break budget impasse

BY ANATOLE KALETSKY IN WASHINGTON

TWO NEW BUDGET proposals from the Republican and Democratic Parties will be put to the vote today in the U.S. House of Representatives. The new plans are drawn more clearly along partisan lines than the seven budgets rejected by the House two weeks ago, but Republican leaders hope their ideas may attract enough support from conservative Democrats to command a majority.

The Republican plan calls for a deficit of $99.2bn, $3.4bn lower than the party leadership's original proposal. When that was rejected a fortnight ago, some conservative Democrats said they could not support any budget with a deficit above the psychologically significant $100bn barrier.

However, the additional deficit reduction is achieved by even sharper cuts in welfare than originally proposed and this may alienate a significant proportion of the 20-odd liberal Republicans from northern states. The plan also calls for steep cuts in foreign aid and an additional $350m reduction in defence spending.

The Democratic party leadership is proposing a $107.5bn deficit, about $4bn higher than their initial budget. This is because of higher provision for unemployment benefits and medicare. Military spending would be reduced to a 5 per cent real growth rate, compared to the 7 per cent proposed by the Republicans and 10 per cent initially sought by President Reagan. The Democrats would raise $31.7bn in new taxes in 1983, compared with the Republicans' $20bn.

The Democratic budget is not given much chance of success. There is some suspicion that the leadership has deliberately chosen a more partisan approach with the intention of putting the blame for any pro-Reagan budget that may finally be passed squarely on the Republican party.

Any budget that the House passes will have to be reconciled with the plan adopted last month by the Senate. This should be relatively easy if the Republican proposals are accepted by the House and agreement would be virtually assured with President Reagan. His budget director, Mr David Stockman, played a key role in drafting both the Senate and the House Republican plans. However, if the House passes the Democratic plan or some version of it, the present budget deadlock will continue, perhaps indefinitely.

If the Houses of Congress cannot agree on a budget, present spending and tax policies will remain in force, leading to a deficit of around $180bn for fiscal 1983, which begins in October.

Setback for Republican Right

BY ANATOLE KALETSKY IN WASHINGTON AND LOUISE KEHOE IN SAN FRANCISCO

THE Republican Party's conservative wing suffered a double setback in the first round of primary elections held in 10 states on Tuesday. In this most serious test of electoral opinion in the U.S. since 1980, the significant results were defeats for the strongest supporters of President Reagan's economic and social policies in races for Republican senate nominations in New Jersey and California.

In New Jersey, the Republican senate nomination went to representative Millicent Fenwick, an outspoken liberal described by her opponent as "Jimmy Carter's most loyal Republican in the Congress."

The defeated candidate, Mr Jeffrey Bell, was a former speechwriter for President Reagan and one of the architects of the "supply side" tax cuts at the heart of Reaganomics. In the California primary, both Mr Barry Goldwater and Mr Robert Dornan, the two most conservative candidates, were also defeated for the Republican Senate nomination.

The winner, Mr Pete Wilson, reputed to be a moderate Republican, moved significantly to the Right during the campaign to outflank Mr Goldwater, who had been the leading contender.

Mr Wilson, the mayor of San Diego, now faces Governor Jerry Brown, who won the Democratic nomination, in the race for the senate seat.

The Governor, who had little competition for the nomination from within his own party, won 51.1 per cent of the vote. His closest competitor, author Gore Vidal, won 15 per cent.

Los Angeles mayor Tom Bradley, gained an overwhelming 62 per cent of Democratic votes to become the candidate for governor. He is thought to be a likely winner in his bid to become the first elected black governor in the U.S.

Although not an eloquent speaker, Mr Bradley has gained widespread support. He represents an American success story. The son of a poor sharecropper, Mr Bradley worked his way up through the ranks of the police force, while also studying law, to become a major figure in local politics. He has taken a moderate stance on most issues.

Opposing Mr Bradley for the Republicans, will be attorney general George Deukmejian, who won a narrow victory over Lt-Gov Mike Curb. With 52.4 per cent of the votes counted, Mr Deukmejian held 51 per cent with Mr Curb trailing at 44.6 per cent. Mr Deukmejian has taken a strong position on law and order.

Mobil to pull out of Libya

By Richard Johns

MOBIL yesterday announced the termination from July 13 of its operations in Libya where, together with Veba of West Germany, it holds a half share of a concession.

The decision is understood to have been taken following several months of futile exchanges over the U.S. major's complaint that tax and royalty rates on its equity oil made the lifting of its entitlement uncommercial.

Mobil is the second oil company to pull out of Libya over the past eight months. Last November, Exxon withdrew at a time of rising tension between Washington and Tripoli, but stressed that it was doing so for commercial reasons.

A spokesman for Mobil declined to give a value for the unamortised assets shared with Veba on a 65:35 basis, but the company's statement referred to "ongoing discussions" — a reference to hopes, which must be regarded as slim, of obtaining some compensation.

Mobil regarded the operation there as particularly expensive.

Stock index futures face mounting criticism

BY DAVID LASCELLES IN NEW YORK

STOCK INDEX futures, the latest addition to the fast-growing list of financial futures in the U.S., may be gaining investor acceptance but they have yet to dispel political scepticism.

Sharp criticism by the House energy and commerce committee, which is holding hearings on futures this week, while unlikely to result in anything as drastic as a ban on trading, could hamper their growth.

Mr John Dingell, the Democrat committee chairman, said stock index futures would lure investors away from the stock market into highly speculative trading which would divert capital away from business.

He said: "At the heart of our concern is the proliferation of stock index futures and options and their effects on capital formation. It is impossible to overstate the danger to investor protection and market stability that is posed by a highly leveraged and highly complex instrument such as a future or an option on an equity index."

Stock index futures give investors a way to take positions on the future course of a widely watched stock market index, like standard and poors, either to speculate or to hedge equity investment.

The trader who predicts correctly collects gains either in the form of appreciation of the value of his futures contract or by allowing it to mature and collecting cash.

Because cash rather than commodities are involved, stock index futures have been criticised as a thinly disguised form of gambling.

One congressman at the hearings called them a "giant, white-collar numbers game."

However, U.S. market regulators have taken a more positive view. They believe futures add to the efficiency and liquidity of the underlying market.

Stock index options allow investors to buy and sell options on stock index futures.

Stock index futures are widely expected to establish themselves as a leader in the financial futures business, which has so far centred on interest rates and currencies, because of the enormous size of the equity market and the vast numbers of people who invest in it.

Trading was launched last February on the Kansas City Board of Trade, and has since started on the New York Futures Exchange and the Chicago Merctantile Exchange. The Chicago Board of Trade is due to start soon.

WORLD TRADE NEWS

W. German concern wins Soviet contract

By Kevin Done in Frankfurt

LINDE, the West German mechanical engineering, refrigeration and technical gases group, has been awarded a DM 300m (£71.4m) contract from the Soviet Union for the construction of a 250,000 tonnes a year ethylene plant.

Ethylene is the most important basic petrochemicals building block and is the raw material for a wide range of chemical products from plastics and fibres to paint and anti-freeze.

The plant, which will also produce other basic petrochemicals such as propylene and aromatics, will be built as part of the Kalusch chemicals complex in the Ukraine. The raw material for the plant will be gas oil.

The deal was signed during the visit to Frankfurt of Mr L. Kostandov, a deputy Soviet Prime Minister and Mr V. Listov, the Russian Minister for the Chemicals Industry.

The contract covers engineering work, equipment procurement and supervision of construction and commissioning.

Another West German process plant engineering group, Uhde, a subsidiary of Hoechst, the Federal Republic's largest chemicals group, has also been awarded part of the work at the Kalusch site, including the planning and delivery of a 100,000 tonnes a year benzene plant.

The gas oil cracker and associated plants are due to come into production in 1986.

Japan tightens rules for export insurance

Japan's Ministry of International Trade and Industry (Miti) said yesterday it is tightening its rules for the provision of insurance on exports to Yugoslavia, East Germany and Romania, Reuter reports from Tokyo.

This is because exports to these countries may involve credit risks in view of their deteriorating foreign exchange positions, it said.

Rees attacks protectionism myth

BY OUR WORLD TRADE STAFF

MR PETER REES, Britain's Trade Minister, yesterday nudged open the door to the possible establishment of a British counterpart of the U.S. International Trade Commission, the government body that rules on international trade disputes affecting the U.S.

In a speech in London he argued against what he called the "myth" that Britain had become more protectionist in its trade policies. He also repeated his call for an international framework to promote and safeguard free trade in services—life insurance, banking, civil aviation and shipping, areas not covered under the General Agreement on Tariffs and Trade (Gatt).

He favoured a greater "transparency" in international trade relations, and backed the idea that Gatt also be involved in scrutinising the trade restraint agreements.

He said a case might be made for the establishment of a British national trade commission body, such as in the U.S. and Australia.

Such an organisation would "study and publish the wider costs of any proposed new protectionist measure, not only to consumers, whose voice would be more widely heard, but also to other sectors of industry which would be adversely, if indirectly, affected."

Mr Rees' remarks, made before the Wilton Park conference on protectionism versus a free-trade world, appear to reinforce the minister's view expressed last month that Britain should strengthen its support for Gatt and move away from independent action on international trade disputes.

An ITC body would "generate a more balanced debate on given measures and the narrow sectoral or regional case could be judged against a wider national or international background."

He argued against Third World claims that the developed world had become more protective. He acknowledged that there had been an increase in the numbers of unco-ordinated measures in a "grey area," including voluntary restraint agreements in recent years.

He added, however: "General tariffs have fallen steadily under successive rounds of the Gatt . . . and a study by Gatt suggests the Community's average trade-weighted tariff on industrial goods will fall to less than 5 per cent once the Tokyo Round reductions have been fully implemented."

Investment in China totals $2.8bn

BY COLINA MACDOUGALL

DIRECT FOREIGN investment supplied or promised to China since 1979 now totals $2.8bn (£1.5bn) according to figures released at the investment conference which opened in Canton this week.

The meeting, sponsored by the Chinese Government and the UN Industrial Development Organisation (Unido) is designed to attract further foreign investment to a range of industries.

Mr Wei Yuming, vice-minister of Foreign Economic Relations and Trade said $1.5bn had come from foreign partners for co-operative enterprises, $498m from foreign oil companies for offshore oil exploration and development, $460m worth of machinery and equipment for small compensation trade projects and $189m for equity joint ventures.

To ease foreign investment in China, a new law on economic contracts with foreigners, and implementing regulations for the existing joint venture law and foreign investment, will be published shortly, according to Hong Kong Press reports.

The reports added that China had formalised the procedure for the Chinese partner in a venture with foreigners. The Chinese side now has to get approval from the Ministry of Foreign Economic Relations and Trade when the project is first suggested, on completion of a feasibility study, and when the formal documents such as the contract are drawn up.

However, the paper confirmed that projects below a certain value can be ratified by the provinces concerned.

AP adds from Peking: The first Chinese trade promotion group to visit the Soviet Union in a decade is returning to Peking after a two-week trip to discuss trade and learn about Soviet light industry, the official Xinhua news agency said.

Ireland plans to extend insurance

By Brendan Keenan in Dublin

THE IRISH Government is to introduce legislation to extend export credit insurance to service industries. At present such insurance is limited to manufacturers' capital projects and a few services such as architects and consultancy fees.

The new legislation will also enable the Irish Export Board, CTT, to promote and assist the export of services, according to Mr Desmond O'Malley, the Trade and Commerce Minister.

Service exports account for less than 1 per cent of total Irish exports of I£5.5bn (£4.6bn), but it is hoped this figure will grow as the result of efforts to attract foreign service industries to Ireland. The target is to triple the number of jobs being created in this sector by 1985.

Last year the Industrial Development Authority (IDA) announced an incentive package aimed at foreign service companies. This include employment and training grants and the extension of Ireland's 10 per cent tax for manufacturing companies to certain service industries.

Among sectors which IDA has selected are data processing and software development, technical and consulting services, and international financial services.

Pertamina awards three contracts

BY RICHARD COWPER IN JAKARTA

DESPITE THE gloomy short-term outlook for Indonesian oil production, foreign oil companies continue to invest in the country's oil and gas industry at record levels.

Pertamina, Indonesia's state-owned oil company yesterday awarded three oil and gas exploration and production-sharing contracts worth well over $200m (£111m).

Under the contracts, three foreign oil companies—Amoco of the U.S., Inpex of Japan and Jackson Exploration of the U.S.—agreed to spend a minimum of $197m on exploring for oil and gas over the next six years.

In addition, the companies agreed to pay Pertamina $3m in signature bonuses for three blocks totalling around 58,000 square kilometres. On top of this, they agreed to pay Pertamina more than $50m in production bonuses if output reached specified levels.

This brings to nine the number of new exploration and production-sharing contracts awarded by Pertamina so far this year, bringing to over $500m the total investment commitments made by foreign companies on new blocks in the last six months. Together the nine blocks cover an area of more than 135,000 sq kms.

Last year, foreign oil companies took up 10 new blocks and are understood to have spent a record $3bn on exploration, production and development in Indonesia — up by around 40 per cent on expenditures in 1980.

But this year many feared that because of the world oil glut and the poor demand, expenditures on exploration and production would either remain static or fall in real terms.

Morocco diversifies sources of foreign investment

BY FRANCIS GHILES

THREE MONTHS ago, a Japanese-Spanish consortium headed by Mitsui and Fomento de Commercio Exterior won a $200m contract from Morocco to build two sulphuric acid plants at Jorf Lasfar, south of Casablanca.

This marked a major breakthrough for the Japanese in Morocco and greatly upset the French—Heurtey, the French plant engineering company long present in the Kingdom, was also bidding.

But it also signalled a fundamental shift in Moroccan trade policy—the need to diversify foreign sources of investment in order to broaden the Kingdom's own narrow export base.

Over the years, French companies have come to regard Morocco as their own hunting ground, but they will have derived little comfort from the award of another contract, worth $50m, late last month to Marubeni Corporation, also of Japan, to build a sugar cane processing factory outside Casablanca.

While France remains Morocco's major client, West Germany, the Netherlands, Spain and Italy have made great strides to improve their position. The UK is way behind, though the £75m steel rod mill contract won by Davy Loewy 18 months ago and the interest shown by Simon Engineering in tendering for various phosphate rock-related plants suggests a growing interest.

The need for Morocco to increase exports has been given added urgency in the past three years by two factors—the sharp deterioration in the kingdom's terms of trade and growing protectionism of the EEC, which absorbed about 55 per cent of Morocco's exports last year. With Spain, which is Morocco's fourth largest market and a competitor in many of the goods it exports to western Europe, expected to join the EEC in the next few years, the threat to Morocco's exports is grave indeed.

Morocco's trade deficit soared last year to $1.98bn, compared with an average of $1.4bn during the 1976-80 period. It surpassed the previous record deficit of $1.47bn in 1977. Sharp increases in the energy and food bills (54.6 per cent up in the first instance and 62.8 per cent in the second) where the main problem areas.

The worst drought in living memory explains why last year's figures are so bad. But other factors include the cost of energy, the war in the western Sahara, soft prices for phosphates which remain Morocco's major hard-currency earner and high U.S. interest rates, which pushed the debt service ratio on the foreign debt up from 23 to 30 per cent.

Morocco's exports increased by 26 per cent last year to $2.01bn, a worthy performance but one which officials in Rabat acknowledge must be improved.

Export efforts have been spearheaded by the enterprising M. Azzedine Guessous, Minister of Trade and Energy and helped by the recently founded Centre Marocain de Promotion des Exportations. Some notable successes have been scored: the Middle East alone bought 75,000 tons of fruit and vegetables last year, while a trial run of selling tomatoes through Britain's Marks and Spencer is currently in progress.

Restrictive EEC practices, like delaying the start of the selling season for some varieties of early fruit or vegetable product from Morocco, has cost the Kingdom dearly. Morocco has been rather too successful at selling such products to EEC countries. It also has done well with clothes and leather products.

But Morocco's success is proving counterproductive, and officials now are seeking new markets, such as in the U.S. and Canada, at least for leather products. A push is also being made to export more products derived from phosphates rock such as phosphoric acid and triple phosphate fertilisers. Exports increased 73 per cent last year to $280m with Third World countries such as Brazil, India and Indonesia taking large amounts.

Trade with Comecon countries has also been growing, albeit at a slower pace: it accounts for just over 11 per cent of Moroccan exports. Such trade has, until recently been conducted on a barter basis, but a recent agreement allows for the annual balance to be settled in hard currency. Some unusual items, such as Moroccan toothpaste, sell well in Russia.

Morocco so far has failed to tap a major potential source of hard currency income, fish. The country's Atlantic coast is one of the richest fishing grounds in the world, but the annual Moroccan catch is estimated at a mere $100m. It is estimated more than $1bn could be drawn from the sea each year, the bulk of which would be exported; but Russian, Japanese and Spanish vessels so far have been the main beneficiaries.

M. Azzedine Guessous . . . spearheading efforts

M Guessous has carried his pilgrim's staff round Europe warning that Europe cannot both shut out Moroccan goods and expect to continue winning major contracts.

Paul Betts reports on U.S. consumers' abandonment of smaller cars for their first love—the six-passenger gas guzzler

Detroit's gospel challenged by renaissance of the big car

MOST U.S. drivers have never really felt comfortable with small cars. They were forced to adapt to them, as indeed was Detroit, in the wake of the oil shocks of the 1970s. But petrol is again plentiful and relatively cheap, so Americans are again buying the big six-passenger car in which they can pack their children, the dog and the luggage and cruise along for miles to Vermont or Florida to the sound of stereophonic music.

The renaissance of the big car is not altogether good news for Detroit and is particularly bad news to importers of foreign cars. Chrysler, or the New Chrysler as the company calls itself these days, is among those most upset by the remarkable, if perhaps temporary, return of the big car.

Mr Lee Iacocca, the Chrysler tsar, recently aired his feelings on the subject to New York sales executives. "After we manufactured our own made-in-America energy crisis in 1979, with regulated prices, misallocation of fuel and riots at the gas pumps, this country decided to get serious about energy. And we did the right thing. We decontrolled oil and gas prices. Gasoline went to $1.40 (77p) a gallon and everybody agreed it was on the way to $2. We said goodbye to gas guzzlers and hello to a whole new generation of fuel-efficient cars from Detroit, produced at a cost of $80bn."

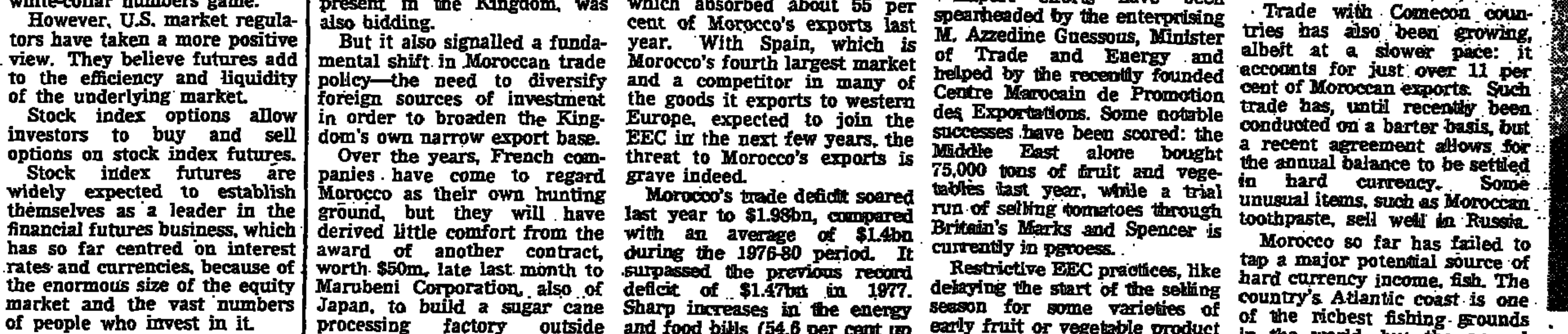
So far, so good, but what happened subsequently has deeply distressed Mr Iacocca. "The price of gasoline," he says, "has dropped to below a $1 in some areas, the U.S. public is back in love with big cars again, and the demand for our most fuel-efficient models has dropped like a rock. No wonder the car market is screwed up."

Chrysler, perhaps more than any other U.S. car maker, has committed its future to compact fuel-efficient cars. Thus, one suspects with a little self-interest, Chrysler is proposing its own solution to the country's economic woes.

Mr Iacocca has told Washington, his shareholders and anyone who cares to listen, that one way to reduce in part the federal deficit is to slap on a tax on imported oil and to levy an immediate excise tax on petrol at the pump. "Either action," he says, "would restore the trend toward fuel-efficient cars, and let the world know that America is serious about energy."

The irony for Chrysler is that one of its biggest success stories of late is its new convertible car models—a return to the grand old days of motoring in the 1950s. With the general perception that fuel will remain in abundant supply and that prices at the pump will remain relatively flat for some time (the oil industry forecasts only modest increases during the next five years), Chrysler's convertible models are selling like hot cakes.

At the company's annual meeting this month, Mr Iacocca remarked "we currently have more than 18,000 orders for the Lebaron and Dodge 400 convertibles . . . and the orders are coming in at a rate of 1,000 a week. It's one of the hottest cars on the market."



Kings of the road: left, the 1962 Dodge Lancer—roomy in the U.S. tradition. Right, Chrysler's hot-selling new convertible, the LeBaron

It is not so much performance consumers are demanding, according to Mr Jack Madejchick, director of marketing information at GM's Chevrolet division. "It's basically roominess and comfort and the feeling of larger cars Americans want," he says, adding that in any case "American roads are made for the large car."

The statistics show that sales of foreign imports in the first five months of the year at 902,590 units were 15.6 per cent behind the 1.1m deliveries during the same five months last year. The only major gains were made by "luxury cars," with Jaguar reporting record sales of 3,569, or 122 per cent more than in the same period last year, Volvo an 11 per cent increase and Saab a 13 per cent increase.

Japanese car sales in the U.S. were down by 14.4 per cent, although the decline was also due to the voluntary export restraints Tokyo agreed to last year. West German-made cars sales were down 26.8 per cent during the first five months of this year, compared with the same months in 1981.

Small car imports faced tough competition from domestic small cars because of the discount and promotions war waged by Detroit and dealers. While the so-called "sticker war" helped prop up sales of small domestic cars, the good news came from the roomier six-passenger cars and the luxury models.

Mr Madejchick of GM says that so far this year the six-passenger car has accounted for 19.3 per cent of total U.S. car sales. This compares to 16.1 per cent the same time last year. "That's a dramatic shift," he claimed. And it has been especially welcomed by GM, which the Chevrolet executive says sells two out of every three six-passenger car in the U.S. with the Chevrolet Caprice topping the list.

As for American luxury cars, with their balloon suspensions, their gadgets and plush fittings, Cadillac are selling at a 36.2 per cent higher daily sales rate than last year and Ford Lincoln sales were 51 per cent higher in April compared with the same month last year. And Chrysler says that big cars currently account for about 17 per cent of the company's overall sales compared with around 12 per cent at the same time last year.

Although all three domestic car manufacturers stress that the fuel-efficient car is the growth market of the 1980s, GM's Mr Madejchick points out that big cars fell out of grace after the 1974 and 1979 oil shocks but then bounced back as soon as the situation eased.

Another interesting illustration of the changing trend in U.S. car buying is the decline in diesel car sales. They were, until last December, one of the brighter spots of the dreadful U.S. car market. Last December they reached a peak of 7.7 per cent of total U.S. car sales after accounting for 5.4 per cent (or 169,624 units) of the car market in the first four months of last year. In the first four months of this year they accounted for 4.8 per cent, with the unit sales declining to 125,699 cars.

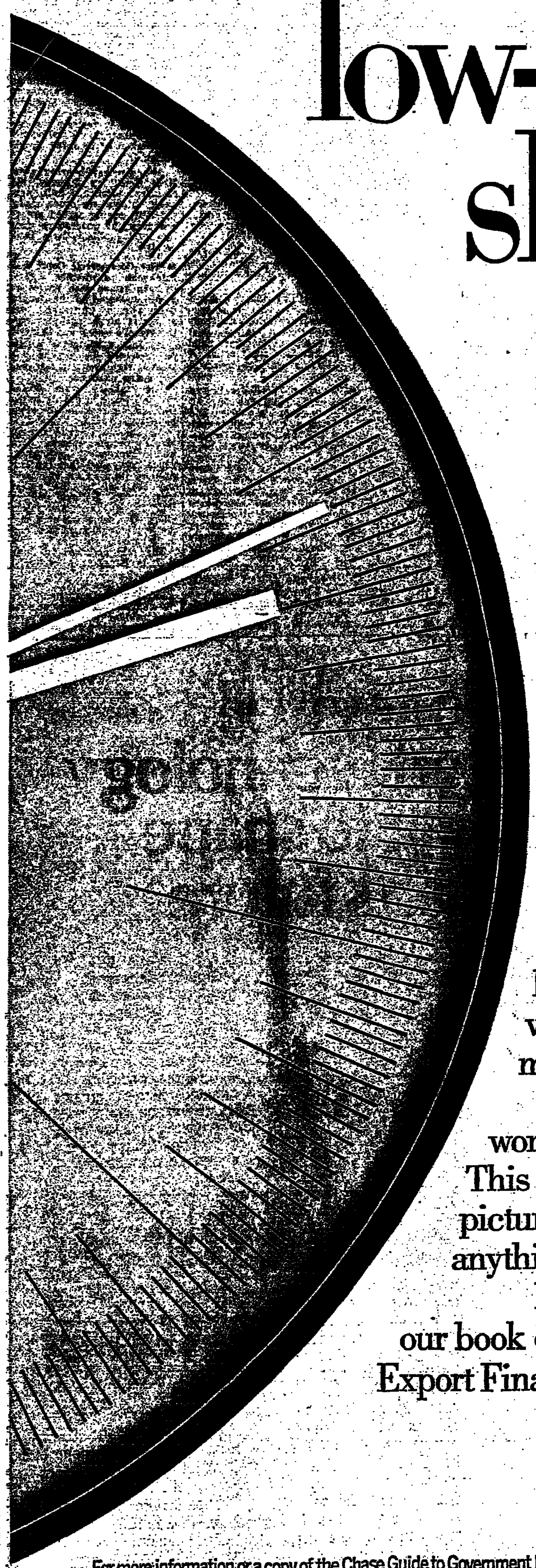
Although manufacturers expect diesel sales to increase again in the longer term, they blame the sale incentives on non-diesel cars, the decline in petrol prices and the general shift of consumers back to the big gas-guzzlers, for the suprising fall in diesel sales. "Four months ago they all wanted diesels but the market seems to be dropping dead," one New York dealer remarked.

No one expects the big car to sustain its current revival. Legislation, for one thing, argues against them. Car makers by 1985 will have to adhere to the Cafe, which is not a pavement watering hole but the so-called commitment to Corporate Average Fuel Economy. The Cafe limit for 1985 is set at 27.5 miles per gallon.

Although, under the Cafe rules, manufacturers can still make cars below the Cafe limit, there are also specific fuel consumption limits for individual cars. The minimum fuel-efficiency requirements started at 15 miles per gallon in 1980 and has been steadily rising to increase eventually to 22.5 miles per gallon in 1986. Those limits, according to GM's Mr Madejchick, would be impossible to meet for the conventional rear-wheel-drive, six-passenger car. But new engine technology and diesel would make it possible.

Although, according to the current gospel in Detroit, the small car is here to stay in the U.S., that petrol prices will inevitably increase again at some stage, the consumer is at present having a fling with the traditional big U.S. car. And Detroit itself seems to be changing its own gospel. The big three are all developing bigger, roomier front-wheel cars. As Mr Roger Smith, the chairman of GM, has observed: "People don't want small cars, they want fuel-efficient cars".

A trade banker who can't track down low-cost credit should try another business.



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Barclaycard to reduce interest rate next month

BY PAUL TAYLOR

BARCLAYCARD, the credit card operation run by Barclays Bank, is reducing its monthly rate of interest charged to card-holders from 2.25 per cent to 2 per cent from July 1.

Barclays' move matches the reduction announced by Midland Bank on Tuesday for its Access cardholders in the wake of the banks' cut in base rates by half a percentage point to 12.5 per cent.

The four other major banks in the Access scheme are still considering whether to reduce their interest charges, although it is expected they will follow Midland and Barclaycard perhaps early next week.

The new interest rate means that the 6m plus Barclaycard holders claimed by Barclays will pay an annual rate of 26.8 per cent interest on outstanding balances if they use the card to buy goods or services and about 27.2 per cent if they draw cash.

No interest is charged if the whole of the outstanding balance is repaid within 25 days of a statement being issued.

A card holder who buys worth £100 and pays back the holder goods worth £100 and pays back the full amount over three months will be paying an annual percentage interest rate of 16.8 per cent.

Midland, which is reducing its Access card rate from June 17, appears to have taken the other banks by surprise in acting so quickly.

National Westminster Bank, which has issued about 48 per cent of the 5.5m Access cards in existence, said yesterday that a reduction in the interest rate was still under consideration.

Monthly credit card rates were increased to 2.25 per cent last October from 2 per cent. Since then bank base rates have fallen seven times from 16 per cent to the current 12.5 per cent.

Building society investors form protection group

BY MICHAEL CASSELL

AN ORGANISATION aimed at promoting the interests of building society investors and borrowers has been formed by Mr Christopher Punt, who earlier this year failed to get himself elected to the board of the Nationwide Building Society.

The Building Societies Members Association has been founded at a time when the question of the accountability of building societies to their members has become a major issue and societies have faced angry protests from members about the way they conduct their business.

The critics, including MPs, have described the societies as "self-perpetuating oligarchies" saying they have paid little attention to calls from the membership for changes in longstanding management policies and rules. The Nationwide and the Anglia Building Society have been at the centre of a continuing controversy involving attempts by members to get themselves elected to the societies' boards.

The association, based in Barnstaple, Devon, intends to promote a private member's bill in parliament to put an end to the "present undemocratic practices" of building society directors and to "give investors and borrowers alike a real voice in running their societies."

Mr Punt, who is the association's first chairman, says it has contacted a number of MPs to enlist support for its campaign.

"It is practically certain that changes in building society legislation are just around the corner," he said. "We intend to give voice to the rumblings of discontent within the movement which have recently reached a crescendo."

The association's secretary, Mr W. J. Taylor, claimed that "scores" of people were joining at £5 a time, including members from a wide range of building societies.

University research 'under threat'

By Michael Dixon, Education Correspondent

THE GOVERNMENT was warned yesterday that only additional public spending could avert damage to research capabilities in universities, which account for about two-thirds of the country's fundamental research work.

The warning came from an official working party led by Sir Alec Merrison, vice-chancellor of Bristol University. It estimated present public spending on research in universities at nearly £600m a year.

But the turmoil caused by cuts in the institutions' spending would result in permanent damage unless "relatively modest" additional money were provided to give universities more time to achieve the Government's economy targets.

The working party found no reason for changing the so-called dual support system, by which universities receive their main funds for research partly from the University Grants Committee and partly from the research councils.

The report recommends various ways in which institutions could improve the organisation of their research, including thorough examination of the practice of giving academic staff job tenure until retirement.

The problem of creating room for young academics as new blood for research activities "is one of the most important that universities have to solve in the years ahead."

Institutions should form research committees responsible for directing the funds available to projects with the best prospects of high-quality results, and take the initiative in co-operating with other institutions in joint projects.

"Research is almost always a very competitive activity, where the prizes go to those who show the most imagination, and who are able to employ it rapidly and effectively. Second-class research is next to worthless, and we would encourage all those who bear responsibility for the support of research to bear this in mind" says the report.

Contract work for industry—totalling less than £15m a year—was of great benefit to both parties and links with companies should be strengthened. *Support of University Scientific Research; Cmnd 8567. HMSO £4.35.*

INTERNATIONAL SEMICONDUCTOR MARKETS

Growth of Japan's share 'to slow'

BY GUY DE JONQUIERES AND JASON CRISP

THE RECENT rapid expansion of Japan's share of international semi-conductor markets is likely to slow during the next few years and will probably be tied more closely to the growth of Japan's own consumption of electronic components, Mr Gordon Moore, chairman of Intel, said yesterday.

He told the Financial Times World Electronics Conference in London that Japan's penetration of international markets so far had been based largely on sales of microchip memories and had been helped by good timing.

But if it were to continue expanding its overseas business at the same rate, the Japanese semiconductor industry would have to compete across a far broader range of products and invest massively in the development of systems comprising both software and components.

Mr Moore said that the U.S. industry's greatest advantage in competing against Japan lay in the recent resurgence of high-technology start-up companies founded by entrepreneurs and financed by venture capital. These would provide the basis for much U.S. innovation in the future.

Mr Taiyu Kobayashi, chairman of Fujitsu, said Japan could now claim to be a pace-setter in the production of reliable electronic components and equipment, notably computers, telecommunications and consumer products.

But Japan did not yet excell in creativity and continued to look up to the achievements in this field of engineers and scientists in the U.S. and Europe. Japan was, however, making a major effort in advanced research and development and hoped in time to be able to make important contributions to technological innovation.

M Alain Boublil, technical adviser to the French President, said it was n olonger possible for any one country to claim technological leadership in electronics or in any other field.

But France recognised that mastering technological progress was a decisive factor in economic success which would also enable it to co-operate more widely with other industrialised countries and with the Third World with which the French Government was negotiating agreements on technology transfer.

M Jacques Maisonrouge, senior vice-president of IBM, said the vast expansion of applications for new types of information processing systems would provide plenty of business opportunities for large and small companies.

During the last 10 years, some 10,000 companies had entered the information processing industry in the U.S. alone—and many had succeeded by carving out specialised niches in the market. Indeed, the industry had grown so large that it would probably be impossible today to start a big new company which could compete in every sector of it.

From left, M. Alain Boublil, technical adviser to the French President, Mr Taiyu Kobayashi, chairman of Fujitsu, and Mr Gordon Moore, chairman of Intel, at the Financial Times World Electronics Conference

FINANCIAL TIMES WORLD ELECTRONICS CONFERENCE

Dr Atsuyoshi Ouchi, senior executive vice-president of Nippon Electric, said huge changes in telecommunications technology had brought within reach a new world system of information and communications which challenged traditional concepts of political borders.

But social and economic institutions were adapting slowly to these changes. More must be done to remove barriers between national telecommunications markets and to encourage international co-operation.

The challenge of creating a strong European electronics industry means there is no place for "home country" politics warned Mr L. Mercurio, managing director of Olivetti's communications group OLTECO.

To meet the electronics challenge, Europe needed to capitalise on its strong areas and take advantage of the size of the market which Europe could provide.

European strong points were in three areas, said Mr Mercurio.

- Small distributed data processing systems and electronic typewriters which form an important basis for office automation.
- Telematics products and services and the evolution of telecommunications. Europe already played a leading international role in telecommunications and if it took the right action it could retain that leadership in new services.
- European knowledge in systems integration. This job, fitting together products and applications, has a high technological content and will consequently be highly remunerative.

"The survival of the Western European electronics industry is at stake as long as there are a number of companies which behave relatively autonomously on the market or, in a number of cases, even adopt a strongly nationalistic attitude," said Mr C. J. van der Klugt, vice-chairman of Philips Holdings.

Faced with Japan's combined power, Europe still adopts a fragmented stance although there are indications that changes are on the way he said.

BBC sued by Liberian over ships programme

By Raymond Hughes, Law Courts Correspondent

THE BBC is being sued by a Liberian shipowner over a television programme about ships operating under flags of convenience.

The programme, Rough Trade, was to have been screened in the Brass Tacks Reports series on May 20. It was postponed at the last minute after a writ had been issued.

The legal action was taken by Searose Maritime, of Liberia (owner of the vessel Dyna, which operates under the Panamanian flag), Santaney Maritime, of Liberia, the vessel's charterer, and three other companies, one based in New York and two in London, which are the Dyna's agents and managers.

The companies are claiming damages for alleged trespass on the Dyna at Greenock, Scotland, in April, and seeking various injunctions to restrain the use of film, photographs and sound-track taken or recorded on the vessel.

After a private hearing in the High Court on Tuesday, the case was adjourned until next week without no order made, the BBC having agreed not to broadcast the programme until the legal problems have been resolved.

● The Commercial Court will rule soon on whether a raid, by men armed with knives on a ship anchored off the Bangladeshi port of Chittagang, was an act of piracy against which the vessel's owner was insured.

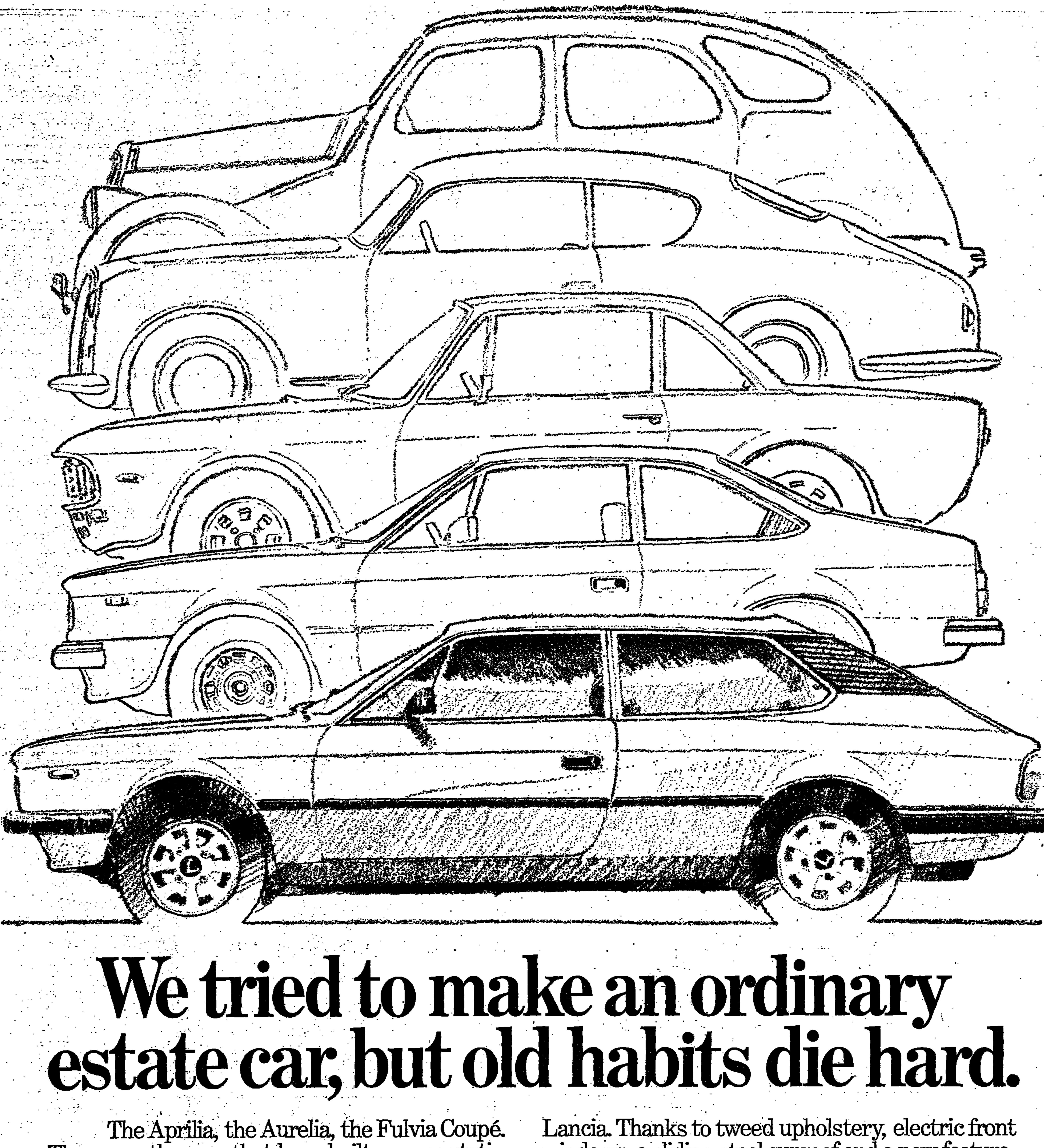
Mr Justice Staughton yesterday reserved his judgment in what is regarded as a test case on marine insurance.

The raiders stole $5,754 (£3,100) worth of gear from the ship, the Andreos Lemos, before being chased off by its crew.

An insurance claim by the vessel's owners, Athens Maritime Enterprises Corporation, which contended that the loss resulted from an act of piracy, was rejected by the underwriters, the Hellenic Mutual War Risk Association (Bermuda), which asserted that the loss was through theft and not covered by its rules.

The raid occurred in June 1977 in Bangladesh territorial waters.

Mr Mark Saville, QC, for the association, said that the raiders did not count as pirates because the incident had taken place within territorial waters.



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MacGregor says more BSC jobs at risk

By Ivo Dawnay

A FURTHER 17,000 jobs are at risk in the British Steel Corporation, Mr Ian MacGregor, the corporation's chairman, has warned.

He told delegates at the Electrical and Plumbing Trade Union conference at Scarborough that only three out of every four jobs in BSC could be regarded as secure.

"If total employment goes down to as low as 75,000, then we will have much greater job security," he said.

Until yesterday BSC had said only that it intended to reduce the current workforce of about 100,000 to 92,000 by the end of March 1983.

Mr MacGregor said that any decision on further cuts would depend on the pressure of market forces on the industry over the next few years. But, he added, "we feel we can guarantee three out of four jobs."

The chairman's remarks came a day after reports that BSC was reappraising its plant configuration in the light of continuing weak markets and a sharp rise in imports this year.

This has been interpreted as meaning that one of the corporation's five main bulk steelmaking plants could be in jeopardy. Attention focuses particularly on the strip mills at Ravenscraig in Scotland and Port Talbot and Llanwern in South Wales.

Mark Meredith writes: British steel's operations in Scotland are among its most vulnerable in any further rationalisation, even though these plants are breaking records.

Their vulnerability arises from the loss of the main local markets. The shipping industry has contracted hugely as has the demand for steel for cars after the closure of Talbot's Linwood works in 1980.

Mr MacGregor last year made no secret of his disappointment with the performance of steelworks in Scotland and said he wanted improvements in production.

Setbacks

Production at the Ravenscraig integrated steelworks has improved steadily after setbacks caused by bad weather, the rail strike and a strike in March over working practices.

The factory produced 125,000 tonnes by continuous casting in May, its highest output by this most modern of steel processes.

Continuous casting, part of a £250m modernisation programme, was completed in 1979 and about 85 per cent of steel is produced by this method, which bypasses the more costly and labour-intensive ingot process.

Ravenscraig's continuous casting record is a healthy one but has often been matched by performances at British Steel's other plants in the south that have comparable capabilities.

Cost-saving programmes to reduce energy consumption and improve yields in steel production are continuing at Ravenscraig and at other steelmaking operations in Scotland.

BSC has also been concerned at losses incurred by the Craigneuk works, part of its forges and foundries group, where 1,000 are employed.

Robin Reeves writes: Mr MacGregor had high praise last year for the performance of BSC's Llanwern plant. He said its "consistent performance and its impact on reducing costs is exactly what was needed to stimulate the search for new markets."

Steel production at the South Wales plant in the year ending last March totalled 1.885m tonnes, which was only 158,000 tonnes short of the record in 1971-72. This output was achieved in spite of a halving of the plant's workforce in three cutbacks over the past two years to 4,446.

Record

Llanwern also made a slight profit last year while Port Talbot made a slight loss and Ravenscraig a substantial loss.

In April this year Llanwern's productivity reached a record of 4.08 man hours per tonne, a figure well below that of any other works in the UK. The BSC average is 8.4 mpt, Port Talbot's about 5.7 and Ravenscraig's more than six.

The transformation in productivity at Llanwern has been highlighted in a recent Conservative Party political broadcast as among the Government's major industrial success stories.

The plant also has a reputation for producing top quality steel for the motor industry. The works was chosen, along with Hoogovens of Holland, to produce the side panels for the Austin Metro.

It has since largely displaced Hoogovens and is currently also supplying steel to General Motors' West German plants.

If Llanwern were to close it would mean not only the loss of a further 4,500 steel jobs but would also threaten more than 5,000 jobs in the Welsh mining industry.

South Wales miners, having brought the coal industry to a standstill last year over closures, would be unlikely to stand idly by if further shutdowns were considered.

Industry wants bigger oil tax concessions to boost development

BY RAY DAFTER, ENERGY EDITOR

SIR GEOFFREY HOWE, Chancellor of the Exchequer, has announced new tax concessions for the offshore oil industry worth some £55m over the next two financial years.

It is the second time in three months that the Chancellor has reduced the industry's overall level of taxation. In the Budget Sir Geoffrey put forward changes in the tax package that should reduce Government take by about £140m in the two financial years between April next year and spring 1985.

But oil companies maintained last night that given a total tax bill of well over $5bn annually, the Chancellor had offered insufficient relief to encourage development of small, marginally-economic fields. The industry will press for more fundamental tax cuts.

Sir Geoffrey told the Commons yesterday that he was making five amendments to the total taxation system. They would relate mainly to Petroleum Revenue Tax, Advanced Petroleum Revenue Tax and Corporation Tax.

The changes would ease some particular problems experienced by the industry.

"Our objective is that the proposed structure should provide a secure and stable basis for future development," he said, adding that a greater reduction in taxation could not be justified.

He pointed out that since the Budget in March, a time of considerable turmoil in the oil markets, oil prices had risen, at least for the time being. He implied that the industry would benefit from those price rises.

Under the proposals announced yesterday the industry's tax bill is expected to be cut by £35m in 1982-83 and £20m in 1983-84. The savings could be greater towards the end of the 1980s.

The Budget tax proposals reduced the Government take by about £70m in each of the financial years 1983-84 and 1984-85, and the marginal rate of North Sea taxation from 90.3 per cent to 89.5 per cent.

Small step in right direction, say offshore men

BY RAY DAFTER

"A VERY SMALL step in the right direction" was the way Mr George Williams, director-general of the UK Offshore Operators' Association greeted news of the latest North Sea oil tax concessions.

Sir Geoffrey Howe, Chancellor of the Exchequer, outlined five proposed tax changes yesterday which should save the industry about £35m in the current financial year, and some £20m in 1983-84.

With tax reductions arising from measures announced in the March Budget, the changes should lower the oil industry's tax bill by some £125m over the next two financial years.

Such savings should be seen in the light of total North Sea oil and gas revenue, some £6.2bn in this financial year, according to Treasury estimates, and as much as £8bn judging by a 208-page report* published yesterday by Scott Goff Hancock and Co., the stockbrokers.

To some extent the discrepancy arises from varying views of oil prices and monetary exchange rates.

So far the oil industry has failed to convince the Government that it is seriously over-taxed, though the Chancellor has agreed that joint Whitehall-industry gatherings should review specific aspects of taxation policy. The first meeting is due in a few weeks.

Sir Geoffrey told the Commons that the industry's demands for a substantial reduction in oil taxation could not be justified. "I believe there are adequate returns on North Sea projects at the current broad levels of taxation."

It is understood that oil companies asked for the basic rate of Petroleum Revenue Tax to be pegged at 70 per cent instead of the 75 per cent proposed from next January 1.

They called for the planned Advanced Petroleum Revenue Tax (APRT) to be scrapped as soon as possible and for the APRT to be allowed against Corporation Tax. These measures would have cut the industry's tax bill by several hundred million pounds a year.

While discounting industry claims that taxation harms offshore development prospects, Sir Geoffrey has conceded that "some mitigation of the burden" is appropriate to meet particular problems. As a result he has proposed five modest changes:

● No field will be liable to APRT for more than five years. APRT, to be introduced on January 1, to be charged at 20 per cent on gross revenues less an allowance of 1m tonnes a year of oil production. The payment limit is expected to provide the industry with significant tax savings in the late 1980s.

● If a field is so unprofitable that APRT has not been set off against the ordinary profit-related Petroleum Revenue Tax within five years, the amount not set off to be repaid immediately rather than at the end of the field's producing life as proposed in the Budget.

● APRT is also to be allowed as a deduction in computing "payback" for Petroleum Revenue Tax purposes. This move will prolong availability of major Petroleum Revenue Tax reliefs and should be particularly helpful to the less profitable fields.

● Proposals for smoothing instalment payments of Petroleum Revenue Tax to be deferred until the second half of 1983, a delay of 18 months, to ease the burden on working capital. Companies will be allowed to spread payments due on September 1 1983 over five monthly instalments.

● Finally, the Government proposes to backdate by two years Corporation Tax relief for certain losses and other expenditures incurred by companies with North Sea interests.

ESTIMATE OF UK OIL AND GAS TAXATION*

Financial year	1980/81	1981/82	1982/83	1983/84	1984/85
Oil production (m b/d)	1.64	1.88	2.10	2.35	2.50
Gas production (bn cubic feet/day)	3.39	3.35	3.90	3.90	4.10
Government Revenue (£bn) based on					
Oil price: $31 per barrel†	3.90	6.30	7.40	9.40	11.50
$35 per barrel‡	3.90	6.30	8.10	11.00	13.50

* Based on exchange rate of $1.75 = £1 in 1982/83 and following years.

† $31 assumed until January 1, 1983; thereafter price escalated at an annualised rate of 10 per cent, compounded quarterly.

‡ $35 assumed from July 1, 1982 and escalated at 10 per cent per annum from January 1, 1983.

Source: Scott Goff Hancock & Co.

Though some of these changes were made in response to the offshore industry's representations, particularly those relating to APRT, oil companies will continue to press for more fundamental changes in the Budget next spring.

In its new report Scott Goff Hancock says that the Government needs to make North Sea taxation more favourable to the industry to ensure that the next generation of fields is developed and oil self-sufficiency maintained into the 1990s.

Oil production, expected to be 2.05m barrels a day this year, could fall to less than 1m b/d by the mid-1990s it said, if new fields were not discovered and developed. Fields were becoming harder to find. It took an average of 12 exploration wells, costing about £60m, to find a single commercial field.

The brokers have made new estimates of the value of State oil and gas assets up for sale.

They value British Gas Corporation's 50 per cent stake in Wytch Farm oilfield, Dorset, at between £165m and over £200m, depending on reserves and oil price assumptions.

In a similar vein, they value the corporation's interests in North Sea oilfields, also to be sold, at between £268m and £476m.

British National Oil Corporation's oil assets are valued at £1.6bn, some £400m less than in 1981, when oil prices were higher.

Some 51 per cent of BNOC's oil exploration and production business is due to be offered for sale later this year, according to the Government.

Scott Goff Hancock warns that at a time of low oil prices, ministers could be accused of selling the country's wealth too cheaply.

* *UK Oil and Gas Review; Scott Goff Hancock and Co., Salisbury House, London EC2.*

Engineering aid likely to restart

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Department of Industry is likely to try to reopen its small engineering firms investment scheme later this year after it has studied the effect of £30m of aid now being allocated to about 1,500 companies.

The scheme was closed on May 28, after being open for only eight weeks, because the department was overwhelmed by aid applications.

The Treasury refused a request from the department for fresh funds. Originally £20m was allocated from the £130m innovation package provided for the department in the Budget. A further £10m was then added, partly from this package and partly from the department's general public spending allocation.

Industry ministers have come under pressure from machine tool manufacturers and Conservative MPs to extend the scheme but have not been able to find any more surplus cash from these sources. Now they will have to argue for fresh funds in the annual review of public spending during the next few months.

In the meantime the department will survey the effect of the scheme, particularly checking that the aid has generated fresh investment which would not have happened otherwise.

The scheme provides grants of 33⅓ per cent of the purchasing or leasing cost of investment by small businesses in computer numerically controlled machine tools. At least some of the companies which have applied are likely to be using the funds for investments which would have been made without any state help.

The department will want to discover the extent of such malpractices before approaching the Treasury.

Most of the £130m innovation package announced in the Budget has now been allocated. The most recent announcement involves a £3m grant to the Design Council for consultancy work, making companies aware of the importance of design.

The £130m package was considerably smaller than the department's total budget request of £250m and a substantial package is likely to be assembled by industry ministers soon for inclusion in next year's spending plans.

But the department's success in obtaining extra funds for high technology areas will depend on its progress in reducing large-scale aid to industries like steel and BL. Mr Patrick Jenkin, Industry Secretary, has said he wants to progressively switch the balance of his department's expenditure—£2bn this year—away from supporting these problem areas and into high technology and new businesses.

Backing for De Lorean rescue plan

By John Griffiths

MORE THAN 170 creditors of the De Lorean sports car company in Belfast yesterday gave unanimous backing to a proposed rescue by a unnamed consortium of UK investors.

The chairman of the creditors' committee said last night that the consortium would receive "all possible help" from the committee, which represents over 200 suppliers based both in the UK and on the Continent.

Mr John Patt said one of the two receivers, Mr Paul Shewell, had been told that this support would not be reviewed until the end of July, thus giving the receivers considerable room to manoeuvre. Meanwhile the committee would put up strong opposition, if any attempts arose from other individual companies to seek the Belfast company's liquidation.

Despite the end-July time scale given to Mr Shewell, there appeared to be some confidence that a rescue operation could be completed by the end of this month.

A major hurdle was cleared last week when the consortium received satisfactory assurances from Mr John De Lorean, through Sir Kenneth Cork, the other joint receiver, that his U.S. sales company could distribute and market the cars.

Sir Kenneth said this paved the way for the consortium, if it did decide to proceed, to arrange funding to be drawn from City financial institutions.

Docks Board, C. Y. Tung in Southampton venture

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

THE British Transport Docks Board and the C.Y. Tung shipping group have formed a joint-venture company to operate a new container terminal at the port of Southampton. C.Y. Tung which will be the majority shareholder, will invest at least £5m in equipment for the terminal.

The joint-venture approach is the first to be undertaken by the state-owned boards. It will be the second container terminal venture in the UK for C.Y. Tung, which last year opened a new terminal at Felixstowe. It also has other, similar joint-venture operations with dock authorities in the U.S. and the Far East.

The Southampton move is subject to agreement with the work force on working systems and procedures. Although the C. Y. Tung group emphasised yesterday that the Southampton development will not reduce its commitment to the Felixstowe terminal, there is still some disquiet on the part of the unions.

The company expects that, once agreement has been reached with the workers, operations should start at the Southampton terminal with existing equipment, which will be displaced progressively.

Labour disputes disrupted handling in Southampton port for most of last year. A fresh outbreak of troubles occurred last month, but seems to have been resolved for the moment.

The BTDB said yesterday that the new partnership with C. Y. Tung is expected to bring Southampton port "considerable advantages, to the benefit of customers, employees and the Docks Board's business as a whole."

Both parties to the agreement were coy about the markets that they expect to tap through the new terminal, except to say that discussions are being held with several international shipping lines. The C. Y. Tung group, which has one of the largest merchant fleets, will not have preferential treatment.

Ever Ready to transfer HQ

BY LYNTON McLAIN

BRITISH EVER READY, the battery and electrical equipment group known formerly as Berec, is to move its Ever Ready (GB) headquarters from Whetstone, North London, to the group's main manufacturing centre at Tanfield Lea in County Durham, the company announced yesterday.

At the same time, British Ever Ready announced that 150 staff are to be made redundant at its Ceramic Engineering subsidiary at Banbury, Oxfordshire. The company blamed a lack of engineering work.

The trades unions involved at the works have been consulted and talks have started with the employees who are to lose their jobs.

British Ever Ready was acquired by the Hanson Trust for £100m last Christmas.

British Ever Ready is to provide assistance to those employees who are able to move to County Durham. Nevertheless, "it is expected that there will be a number of redundancies at Whetstone," the company said.

Other changes announced yesterday include the transfer of the group technical centre of British Ever Ready from Tottenham, north London, to the Tanfield Lea site, with more redundancies. After the move of the Ever Ready (GB) head office the remaining functions at the Whetstone headquarters will be decentralised.

Berec, as it was at the beginning of March, announced its decision to close a research division which was formed only three years ago.

Liverpool cable TV study

BY JAMES McDONALD

MERSEYSIDE Cablevision is carrying out a £200,000 feasibility study to decide whether cable television would be commercially viable in the region if the Government removes most of the restrictions on such systems.

The consortium of 18 leading companies and local individuals has proposed a system to relay broadcast channels, with additional programmes and interactive channels. They would include programmes for the community, such as educational and local news, entertainment, films, sport, childrens' programmes and teletext.

The participants in the consortium—either by funding it or by helping to develop it—include: Plessey, Pilkington, BICC, British Telecom, Littlewoods and the Liverpool Daily Post and Echo.

Plessey eyes the glittering prospect of a U.S. market

THE U.S. market has long offered foreign telecommunications manufacturers a glittering prospect. It is the biggest, technologically most sophisticated and fastest-changing market in the world.

It is also more open to competition from outside than the tightly-guarded national monopolies in most of Western Europe.

Various non-American companies are already selling and making equipment in the U.S. They include Canada's Northern Telecom, Nippon Electric of Japan and Sweden's L.M. Ericsson. Now Britain's Plessey is considering establishing a beachhead by acquiring Stromberg-Carlson, one of the oldest, and largest independent U.S. telecommunications manufacturers.

Until now foreign interest has centred chiefly on sales of equipment like private branch exchanges (PBXs), terminals and other subscriber apparatus which could be supplied directly to private customers. That is because much of the market for public exchanges used by telephone operating companies in the U.S. has remained the preserve of one company: American Telephone and Telegraph.

AT&T, through its 23 local telephone operating subsidiaries and affiliates, serves more than 80 per cent of U.S. subscribers. The operating companies have been largely a captive market for sales of public telecommunications equipment by Western Electric, AT&T's vast manufacturing subsidiary.

But this cosy relationship between different branches of the AT&T empire appears set for dramatic change because of the historic anti-trust settlement AT&T reached with the U.S. Justice Department in January.

The settlement, designed to end a seven-year government case which sought the break-up of AT&T, requires it to dispose of its local operating affiliates within 18 months. It would also permit AT&T to offer unregulated communications like computerised information services.

In theory, at least, the settlement would free the operating companies which now belong to AT&T's Bell System to purchase equipment from any sources they chose. The local companies still rely chiefly on older analogue exchanges.

In the next few years they are expected to re-equip themselves on a grand scale with the latest generation of digital exchanges which use all-electronic technology. Sales of digital equipment in the U.S. are already running at about $1bn (£561.2m) a year.

Plessey clearly hopes that these impending changes will open up the U.S. market to System X, Britain's digital exchange family. System X has been developed at a total cost of about $200m by British Telecom in collaboration with its three principal suppliers, Plessey, the General Electric Company and Standard Telephones and Cables.

System X was developed to meet British Telecom's needs and in an attempt to recapture a share of the world telecommunications market, from which UK manufacturers have steadily withdrawn in the past 20 years.

But its export performance has been disappointing so far. British Telecommunications Systems, the consortium set up to market it overseas, has notched up only one small order, in China.

Plessey already has excess capacity in its British plants, so the idea of starting System X production in the U.S. may seem paradoxical. But telecommunications equipment customers all over the world are increasingly insisting that their suppliers manufacture locally and provide on-the-spot service and support.

The exact direction in which the U.S. telecommunications market will develop in the next few months is still somewhat uncertain. The anti-trust settlement has yet to be approved by a federal judge in Washington, who has heard numerous criticisms from AT & T's competitors. It may also be modified by legislation in Congress.

Stromberg-Carlson's need for muscle

BY PAUL BETTS IN NEW YORK

STROMBERG - Carlson, the company which Plessey might acquire from General Dynamics, is one of the three leading suppliers of digital switching equipment to independent telephone companies in the U.S., but it has been a considerable burden on the balance sheet at General Dynamic's in recent years.

The telephone equipment manufacturer, based at Orlando, Florida, with four plants in the U.S., is no longer regarded as the strong element it was several years ago in the increasingly competitive U.S. telecommunications market.

Mr Bradford Peery, Telecommunications industry analyst for the Wall Street firm of Paine Webber Mitchell Hutchins, said Stromberg-Carlson needed "additional muscle to survive on a long-term basis." He said Plessey could provide the necessary financial muscle, as well as broadening the company's product base. At the same time, Plessey could provide Stromberg-Carlson with access to foreign markets and possibly greater market penetration in the U.S.

Stromberg is by far the largest of General Dynamic's three telecommunications divisions, which include American Telecommunications, a supplier of telephone equipment and accessories to the Bell system and to various independent telephone companies, and General Dynamics Communications, also a supplier of telecommunications equipment.

Although General Dynamics, a company with $5bn (£2.79bn) in sales last year, has pumped substantial amounts of money into research and development in the telecommunications business, it has been unable to make it perform adequately. Indeed, that segment lost $27m last year, $10m in 1980, $2m in 1978 and $12m in 1977. It made a profit of $13m in 1979, a year when General Dynamic as a whole reported net earnings of $276m.

The company has continued to be unable to stop losses in its telecommunications business, which reported a deficit of $18.3m on sales of $70.2m in the first quarter of this year. Analysts say that most of the losses came from Stromberg. General Dynamics' telecommunications business reported sales of $305m last year.

For some time, General Dynamics is understood to have been considering abandonment of the telecommunications business. It is now expected to shed its other telecommunications businesses. The company has been streamlining its operations by emphasising its military sales, which account for as much as 85 per cent of revenue.

General Dynamics acquired Stromberg-Carlson in the mid-fifties.

Ministers examine borrowing forecasts

THE GOVERNMENT borrowed £1.1bn in May, bringing to £1.9bn the total central government borrowing requirement for the first two months of the financial year.

The Government's consolidated fund received £11.6bn revenue in April and May, compared with an official forecast of £62.9bn for the whole of the current financial year, according to figures published by the Treasury yesterday.

Central government borrowing requirement was £5.2bn in the first two months of last year, 1981-82, but this was inflated greatly by the effects of the civil servants' strike at the time.

It is thought generally to be too early in the year to estimate whether central government borrowing is on target to reach the Budget estimate of £9.5bn by the end of the financial year.

Public sector borrowing last financial year was about £2bn below the target set at the time of the 1981 Budget. Ministers are now looking at ways of improving estimates of the trend of government borrowing.

BNF rejects cancer death toll claim

BRITISH Nuclear Fuels yesterday rejected environmentalists' claims that radioactive discharges from its reprocessing plant at Sellafield, Cumbria, would result in 30 fatal cancers over 30 years.

The Political Ecology Research Group has issued a report, commissioned by the anti-nuclear organisation Greenpeace. BNF says that any such hypothetical deaths claimed in the report would be "lost" among the total number of fatalities from the disease.

The calculations made in the research group's report, "The Impact of Nuclear Waste Disposal to the Marine Environment," presupposed a death rate of one in every 10m, on the basis of a European population of 300m, says BNF. Total deaths from cancer in Europe in the past three decades had been 24m.

Post Office pegs price of letters

THE Post Office is freezing the price of letters and inland parcels until at least April next year.

Mr Ron Dearing, chairman of the Post Office, said "economies, encouraging productivity improvements and vigorous marketing" had combined to make the freeze possible. Letter traffic had fallen less than 1 per cent in the first half of 1981/82.

The Post Office's share of the parcels business has grown significantly and is expected to show a profit of £7m. It has carried an extra 11m parcels in the last year. Letter prices rose last in February, by an average of 9.5 per cent.

Investors warned to be more wary

NEW controls on investment advice is called for today in the latest issue of Money Which? magazine, published by the Consumers' Association.

The magazine claims that present laws allow some advisers to operate without any controls on the way they run their businesses.

It warns investors to be wary of entrusting money to an investment advisor until new laws are passed and says it is essential to obtain references from an adviser, preferably from a bank.

Ritz acts on Ronay attack

THE Ritz Hotel has launched a campaign to attract guests after being criticised by gourmet Egon Ronay for falling standards.

The Ritz has pegged the price of its weekend package until March next year and has offered a cut-price two-day break.

Mr Ronay said yesterday the Ritz in Piccadilly no longer deserved the title as one of the world's most luxurious hotels. He had said it was the best hotel in London in his latest guide. The management, however, insists it is offering guests the chance "to enjoy a luxurious time." Mr Michael Duffell, general manager, denied that standards had fallen. The number of diners had doubled in the last few months.

Gilt-edged dealers go into extra time

THE TRADING period for a day's dealing in government securities has been extended until 5 pm. The Bank of England, through the Government broker, has been prepared until now to deal with jobbers in the gilt-edged market at any time between 10 am and 3.30 pm.

The move into "after hours" trading is seen as an attempt by the Bank of England to avoid the problem the following day of validating movements in tap stocks which may have taken place after the formal close of business.

Duncan Campbell-Smith reviews an attempt to tame the archaic monster of insolvency practice

Blowing the cobwebs from old and complex laws

THE PUBLICATION together of both the first and second parts of the Cork Report on Insolvency Law and Practice meant the release for sale yesterday of one complete 460-page volume*.

The report is written in plain and elegant English and is clearly intended to be considered as a whole, rather than piecemeal, as supporting evidence for one legal reform or another from time-to-time.

It begins with a sweeping review of insolvency law and the way it has developed over the years as an ad hoc legal structure based on mid-Victorian laws and procedures.

The report concludes that this has produced "the present cumbersome, complex, archaic and over-technical multiplicity of insolvency procedures." The response of the committee, headed by Sir Kenneth Cork, has been to propose a truly comprehensive overhaul.

The committee's report has thus been tailored rather as a seamless garment. Nevertheless, its substance is perhaps divisible into three main areas: the court mechanics of insolvency practice; the approach to companies on the brink of financial collapse, and the treatment of an insolvent company's assets.

Existing procedures, says the report, should be replaced by one uniform procedure applicable to insolvent individuals and companies alike. Applications for insolvency should be open to either creditors or the debtors themselves. In the company sector, both compulsary liquidation and creditors' voluntary winding-up arrangements would be changed significantly.

The committee proposes the establishment of one Insolvency Court, to form part of the Chancery Division of the High Court. The Bankruptcy Court would be abolished. The Insolvency Court would work with High Court judges and registrars, curtailing the present role of the Official Receiver. "The pragmatic exercise of discretion and the expedition of procedure's" would be the principal features of the new court.

More uniformity is introduced on the one hand, but the report urges greater differentiation on the other between circumstances of insolvency. At one extreme, it says, simple consumer debtors should be kept out of the courts as far as possible. Debt repayments by instalment would be one option.

A voluntary and informal deed of arrangement should be made available in a broad range of cases. This is especially applicable to individual debtors. However, the report believes that voluntary arrangements without an order of court should also be used in the corporate sector, particularly for small companies.

At the other extreme, court action should weigh more heavily against "delinquent directors" of insolvent companies. Some would face mandatory disqualification from company directorships. The court could impose discretionary disqualification in other circumstances. The most striking of these is where the court might be "satisfied that, having regard to his conduct as a director or officer of a company or public company, it is expedient in the public interest that the person concerned should be" barred from directorships.

The qualifications of insolvency practitioners is one other mechanical aspect of insolvency law given some importance. Anyone acting as a liquidator, receiver or trustee should "be required to be a member of a professional body approved by the Department of Trade." Unqualified practitioners would be subject to "a substantial fine per diem."

The second main area of the report considers the approach which should be taken to companies in serious financial difficulty.

The report praises the general system, unique to this country, of the present law on floating charges. This allows a Receiver to be appointed to reclaim secured loans. However, as widely anticipated, it proposes the appointment of an administrator by the court "primarily in cases where the company has not granted a debenture secured by a floating charge, although (the appointment) is not intended to be limited to such cases."

The administrator is certainly not presented as a kind of substitute for a Receiver. The report says that the appropriate circumstances for an administrator "will be almost infinitely various" and should not be closely prescribed in legislation. Indeed, it is envisaged, for example, that where a Receiver's work is impeded by the limited nature of the floating charge, there "may be a good case for the appointment of the Receiver as administrator."

In critical respects, however, the administrator's powers would go beyond those of a Receiver, and practice under Chapter XI of the U.S. Bankruptcy Law has obviously provided an influential model. The administrator would be empowered to suspend the rights and proceedings of all of a company's creditors. In particular, "there should be a 12-month prohibition on certain secured creditors realisisng their security except by agreement or with the leave of the court."

The report considers at length the problems of "fragmentation of security" where a company has given many different floating charges over a whole range of assets. The resulting inability of a receiver to include vital parts of a business in an urgent rescue package, perhaps entailing their sale, is described as "a serious defect in our insolvency laws." Proposed amendments to the law on fixed charges would empower a receiver or administrator to override them with court approval.

A wealth of other detailed proposals is included in this context, answering many of the criticisms of existing law prompted by recent corporate collapses. It is suggested, for example, that general creditors should be consulted by a receiver—forming their own committee where they so desire—although the ultimate discretion of the receiver is respected carefully.

The power of any 12-month moratorium would be extended to bar a company's suppliers from reclaiming goods not yet wholly paid for and delivered *with reservation of title*. Suppliers are entitled to do this at present, in line with the celebrated court judgment of 1976 which allowed Romalpa Aluminium to recover goods in this way.

● The report urges fundamental changes in the treatment of an insolvent company's assets. Five major amendments would ensue.

Most striking is a proposed curtailment of preferential credit, which at present has first claim on all assets. The report would abolish preference for local authority rates, corporation and capital gains taxes among others. National Insurance and PAYE contributions would be retained, but for a reduced period. Employees' wage claims would be paid up to statutory limits from a preferred fund, but thereafter would rank as ordinary, unsecured debt.

On the other hand, 10 per cent of all realisations under floating charges would be set aside in a fund for distribution to ordinary, unsecured creditors of an insolvent company. Numerical examples set out the putative working of this second amendment.

The committee proposes restrictions on the privileges of limited liability, which go significantly beyond existing practice. Companies already insolvent which go on to incur liabilities "with no reasonable prospect of meeting them" and heavy under-capitalisation would fit into this concept—would be guilty of wrongfully trading. Directors a party to such activity would have their personal assets subject to civil liability suits.

The report turns to the shadowy affairs of companies which use floating charges and insolvency as a way of transferring assets to legally separate, but effectively associated, entities, to the detriment, of third-party creditors. It would remove many of the difficulties of recovering an insolvent company's assets which have been sold to "connected persons." Many of the present legal devices open to connected persons would be greatly restricted.

Finally, the report considers the vexed issue of relations between one company and another within the same corporate group. On the less difficult question of inter-group debt, the committee recommends deferment of the repayment by an insolvent subsidiary of any debt comprising a part of its long-term capital structure.

However, the committee has drawn back reluctantly from any proposals on a parent company's ability in law to abandon the debts of an insolvent subsidiary. It notes "it is absurd and unreal to allow the commercial realities to be disregarded" as legal technicalities allow presently. Reforms in this area, however, belong in the committee's wider arena of company law—here at least the dauntingly comprehensive report has reached the limit of its brief.

Sir Kenneth Cork

* *Insolvency Law and Practice—Report of the Review Committee, Cmnd 8558, HMSO, £13.35.*

Youth training plans attacked

By Alan Pike, Industrial Correspondent

THE GOVERNMENT'S version of the proposed Youth Training Scheme was attacked yesterday by the National Union of Teachers.

Mr Norman Tebbit, Employment Secretary, will decide this month whether to go ahead with his original plans or accept modifications proposed by the Manpower Services Commission.

The new, year-long combined programme of training, work experience and further education is due to replace the existing Youth Opportunities Programme in September 1983. The MSC proposes that the scheme should be open to all 16-year-old and eventually 17-year-old school leavers rather than just the unemployed, and that allowances should be at least £25 a week rather than the Government's suggested £15.

A third difference—one on which Mr Tebbit has so far shown no sign of giving way—is the MSC's view that the Government should not withdraw the right to supplementary benefits from 16-year-olds who refuse to take part in the scheme.

The NUT condemned the Government's approach as a "cynical attempt to reduce the unemployment figures before the next General Election." Mr Doug McAvoy, Deputy General Secretary, said the proposals were a short-sighted and piecemeal attempt to massage the young jobless figure rather than provide proper training.

EEC fishery project grants

THE EUROPEAN Commission has made grants totalling £2.59m for 60 fishery projects in Britain, writes James McDonald. Of the total, 27 projects are for the construction of fishing vessels in a number of ports, 23 for the modernisation of vessels and 10 for fish farming projects.

The grants were made under measures designed to modernise coastal fisheries throughout the EEC. Priority was given to the financing of projects in regions facing particular difficulties in modernising their fishing industries.

Campaign to ban 245-T

POLITICIANS including Mr Michael Foot, the Labour leader, joined trade unionists yesterday in calling for an immediate ban on the use of the chemical 245-T in weedkillers.

"There is overwhelming evidence that 245-T, which contains a deadly contaminant, dioxin, can cause cancer, birth defects, skin diseases, and a wide range of other side effects," they said at a meeting at the House of Commons.

Farmworkers had been warned by their trade union of the dangers of 245-T, but amateur gardeners could still buy weedkillers containing it over the counter, they pointed out.

Mr Jack Boddy, leader of the farmworkers' section of the Transport and General Workers' Union, and Mr Moss Evans, the union's general secretary, said that responsibility for pesticides should be transferred to the Health and Safety Executive, which had trade union members.

The campaign to outlaw the chemical is aided by the publication today of Portrait of a Poison, the 245-T Story, written by Judith Cook and Chris Kaufman.

Mr Kaufman, a research officer with the agricultural workers, said: "245-T contains dioxin, one drop of which is capable of killing some 1,200 people, yet in Britain the Government refuses to ban its use."

Portrait of a Poison, Pluto Press, £2.95.

Cavity fill 'an unreasonable risk'

BY LORNE BARLING

UREA FORMALDEHYDE foam insulation, which is commonly used to fill cavity walls of buildings, presents an unreasonable risk of injury because its toxicity cannot be controlled through voluntary or mandatory standards, according to Mrs Nancy Sterots, chairman of the U.S. Consumer Product Safety Commission.

She told a Birmingham conference of the Royal Society for the Prevention of Accidents (Rospa) that use of the foam in the U.S. for building insulation had been banned by the commission after more than 2,000 complaints of adverse effects on health.

Her comments come at a time of wide debate in Britain about the possible dangers of toxic gas emissions from the foam. The British Standards Institute is making a study of the effects of the foam.

Mrs Sterots said she had examined a wide range of evidence on the subject before the commission voted earlier this year to prohibit use of the foam, but concluded there was no voluntary solution to the problems.

"Because of this insulation's uniqueness—since it is manufactured on site before it is pumped into the wall—it is difficult to have adequate safety control procedures before its installation. Once it is installed, if there is a problem with the release of formaldehyde gas, it is virtually impossible to eliminate," she said.

However, Mr Frederick Stacy, a Rospa special projects officer, said he believed that different conditions in the UK building industry eliminated most of the dangers.

Mr Stacy said that most homes in Britain, unlike those in the U.S. had either brick or other non-porous interior walls which prevented the seepage of gas into buildings. Companies involved in this work had also imposed strict standards through their trade association.

BA sells college for £5m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS has sold its College of Air Training for more than £5m to Hamble Airfield Properties, a consortium of Hampshire businessmen.

They will continue to use the college at Hamble for flying training after they take it over on July 16.

The deal brings to £15.3m the value of property and other assets disposed of by British Airways since last September, when the airline announced a major retrenchment scheme as part of its attempt to get back into profits.

That scheme included laying off 9,000 personnel through voluntary redundancy, shutting routes, closing overseas offices, selling aircraft and, more recently, reorganising the airline into a divisional structure, with separate long-haul, short-haul and Gatwick divisions.

Among properties which British Airways is still offering for sale is the Victoria terminal in London, which has been closed for some months.

The sale price for Hamble, includes the 189-acre site, buildings and 47 light training aircraft.

The college has been used to train pilots for the then British Overseas Airways Corporation, British European Airways and subsequently British Airways, since 1960. More than 1,800 cadets were sponsored for training there, of which 1,426 joined the state airline.

In recent years, the college has trained pilots for British Caledonian Airways and a number of overseas airlines.

FUTURE OF THE FALKLANDS

Pym on defensive as Labour attacks

BY IVOR OWEN

MPs forced Mr Francis Pym, the Foreign Secretary, on to the defensive yesterday when they probed the extent of differences between Britain and the U.S. over relying exclusively on military action to secure the withdrawal of Argentine forces from the Falklands.

In a series of questions Mr Denis Healey, Labour's shadow Foreign Secretary, underlined the falling off in support for Britain at the UN and suggested that the U.S. was still pressing strongly for Argentine involvement in negotiations on the long-term future of the Falklands.

Mr Pym also had to contend with some unrestrained questioning from the Labour benches about his reported differences with Mrs Thatcher over the handling of the Falklands crisis at diplomatic level.

Mr Tam Dalyell (Lab. West Lothian) a leading opponent of Britain's military operations in the south Atlantic, asked bluntly: "Who runs British foreign policy?" Was it the "much maligned" civil servants in the Foreign Office or Downing Street, he demanded.

Mr Dalyell quoted newspaper reports pointing to a growing gap between the Prime Minister and her Foreign Secretary and asked whether they were "completely without foundation."

Mr Pym told him: "Whatever the answer to that question I am sure that you don't run British foreign policy." This brought a cry of "Do you?" from the Labour benches.

Mr Pym refused to comment on what he termed "highly speculative pieces in newspapers which are written from time to time for one reason or another."

Mr Healey pressed for confirmation that Mr Alexander Haig the U.S. Secretary of State, had made it clear that the U.S. would not feel able to participate in any international force to guarantee the security of the Falklands, after they had been repossessed by Britain, except in the context of an agreement by Britain to negotiate on their future with the Argentine.

He asked the Foreign Secretary for an assurance that he had not closed his mind to such negotiations. Mr Pym replied: "Secretary of State Haig did not in any way close the door on the possibility of what might be arranged in the future."

The Foreign Secretary argued that it was necessary to wait and see, because at present it was not possible to foresee the circumstances which would prevail following Britain's repossession of the islands.

It would then be the Government's task, he said, to do whatever might be appropriate "with however many friends as may be available" to re-establish the security of the islands.

Mr Healey argued that Britain had lost support at the UN, including that of the U.S., and her allies in Europe, through using the veto against a resolution which had linked a ceasefire with the withdrawal of Argentine troops.

He urged the Government "At this late hour" to seek to produce a resolution at the UN so that it might still be possible to secure the withdrawal of Argentine troops without the bloodshed which might otherwise follow.

Mr Pym accepted that there had been "superficial attractions" about the resolution vetoed by Britain. But he insisted that it had not adequately linked a ceasefire with the withdrawal of Argentine troops.

To Government cheers he told Mr Healey: "Quite frankly the answer to the problem is for Argentina to withdraw."

CBI seeks cut in tax on industry

By Robin Pauley

THE UNEMPLOYMENT trap is more important than the poverty trap and any moves to lessen the burden of taxation on the poor at the expense of middle income earners would be very undesirable, the Confederation of British Industry said yesterday.

CBI officials led by Mr Brian Rigby, deputy director general, gave evidence to the Commons Treasury and Civil Service Select Committee which is examining the structure of personal income-tax and income support.

Mr Alan Willingale, chairman of the CBI taxation committee, said the corporate sector paid too much of the total tax take. The preferable way of reducing it without adding to the burden of personal taxation would be to cut simultaneously taxation, Government expenditure and Government borrowing.

But Mr Dermot Glynn, CBI economic director, said later that some increase in borrowing above the tight 1982-83 limit would have been acceptable if tax costs had been cut "despite the effect it might have on interest rates."

Mr Glynn and Mr Rigby agreed that the Government had made too much of a "totem pole" in the past out of the public sector borrowing requirement.

Mr Rigby said personal tax allowances should be raised at least in line with inflation as a way out of the proverty trap rather than changing the main bands. The poverty trap was exacerbated by the proliferation of both benefits and agencies administering them.

He said that the abolition of the national insurance surcharge would release £2.5bn and reduce business costs by 2.5 per cent of total labour costs, freeing funds either for making prices more competitive or for investment and modernisation.

Both the CBI and the Association of Independent Businesses, which also gave evidence yesterday, found difficulty under pressure of questions from the committee in detailing how changes to the taxation system would be paid for, particularly if the Government decided the answer could not be further public expenditure cuts.

Safety Act 'effective'

By Alan Pike

THE Health and Safety at Work Act has worked well generally, providing an effective umbrella of legislation covering all people at work, the Confederation of British Industry told the Commons Employment Committee yesterday.

Implementation of the Act had stimulated the development *of better health and safety policies* and had promoted joint consultation and training. A constructive tripartite structure had been built up in the Health and Safety Commission and its advisory committee.

But, the CBI added, the Act had created a huge load of work for industry, not all of it cost-effective.

President Reagan and Mrs Thatcher meeting the Press yesterday after a working breakfast at 10 Downing Street. The President left later for Bonn

MPs urge assessors for police complaints inquiries

BY LISA WOOD

INDEPENDENT assessors should help investigate complaints against the police, a Commons select committee report said yesterday.

But the Home Affairs Committee did not recommend a totally independent body to investigate complaints—a function carried out by the police themselves.

Police complaints procedures were identified by Lord Scarman, in his report on the Brixton riots, as a significant cause or symbol of frustration and dissatisfaction among some sections of society.

But a majority of the committee said: "We are not convinced that a new and independent organisation would do a more effective job than senior police officers in investigating complaints, and we are doubtful whether, to use Lord Scarman's criterion, the gain to the public interest would justify the extra resources involved."

Mr Robert Kilroy Silk (Lab., Ormskirk) and Mr Alf Dubs (Lab., Battersea South) dissented.

The current system of investigating complaints costs about £5.8m a year. It *has been* estimated that a completely independent system would cost up to £10m.

The committee gave strong support to a Crown Prosecutor system on the model of the Scottish Procurator Fiscal, an independent public prosecutor.

It saw no reason why local Crown prosecutors, recommended by the Royal Commission on Criminal Procedure, should not also be given responsibility for investigating complaints against the police.

The committee thought the establishment of a Crown Prosecutor system unattainable in the near future, so it recommended changes considered "immediately desirable."

The committee said that where serious criminal offences were concerned all complaints should be reported by the police at the earliest opportunity to the regional complaints office, which would assume overall responsibility. The independent assessors, drawn from an expanded and regionalised Police Complaints Board, would act not as investigators but would give "motivation and direction to the entire procedure."

Greater use should be made of conciliation in handling complaints not involving criminal allegations, the committee said. Such complaints now go through the full statutory procedure of police investigation and are referred to the Director of Public Prosecutions.

The report received a guarded welcome from the National Council for Civil Liberties. Ms Harriet Harman said it failed to deal with the major problem of the system which was the "grave public mistrust that the police investigate themselves.

"They recommended greater supervision but that still leaves the police investigating complaints against fellow officers."

'Turnout' key to SDP battle

By Elinor Goodman, Political Correspondent

MR Roy Jenkins's chances of becoming leader of the Social Democratic Party could turn on the number of members who bother to vote in the election.

His supporters now acknowledge that the contest is sufficiently finely balanced for the outcome to depend on the level of turnout. A high turnout, they say, would benefit Mr Jenkins, while Dr David Owen could have the advantage if only a minority of the party's 65,000 paid-up members voted.

This is because Dr Owen's power base is believed to be among party activists, while Mr Jenkins's strength is thought to be among the wider membership.

Nominations for the leadership close tomorrow. Ballot papers, together with 750-word statements of the candidates' views, will go out next week.

Over the past week, the Liberals have become increasingly concerned at suggestions that Dr Owen's performance during the Falklands crisis might have improved his chances of winning. They fear that if he becomes leader it could pose major problems for the alliance.

It would also raise the whole question of who should be the alliance's putative Prime Minister during an election campaign, as Mr David Steel, the Liberal leader, has made it clear that while he would be prepared to stand aside for Mr Jenkins, he would not be prepared to make way gracefully for Dr Owen.

Nevertheless, the Liberal leadership is likely to be at pains not to get involved publicly in the contest for fear of being accused of meddling in SDP affairs.

Although an opinion poll earlier this year suggested Mr Jenkins would win a leadership contest against Dr Owen, neither side really has any idea what the outcome will be. Both camps agree that Dr Owen's standing has almost certainly been improved by his handling of the Falkland crisis, during which Mr Jenkins has had to take a back seat.

Dr Owen has, since the formation of the party, been assiduous about addressing party meetings, and has generally had more contacts with party activists than Mr Jenkins. He is being actively supported in his campaign by Mr Michael Thomas, who, as chairman of the party's organisation committee, has also developed close links with local parties.

Mr Jenkins's supporters claim, however, that their candidate remains more popular among the majority of party members who, while not actively involved in its affairs, are entitled to a vote.

In all, about 65,000 of the 80,000 people who have joined the party since its formation look like having a vote. At the last count, the renewal rate among members who joined in the first half of last year had risen to 70 per cent with around 34,000 of the 50,000 members who joined before last June renewing their subscriptions. In addition the 50,000 or so members who joined after June 1981 will also have a vote.

Commons Sketch

Jim loses his head under rebel pressure

SEATED WEARILY on the Government front bench yesterday as the Commons faced another all-night sitting on the Northern Ireland Bill, Mr James Prior might have reflected on the fate of the Earl of Essex, who made an ill-considered foray into Ireland nearly four centuries ago.

After marching his troops in circles through the Irish bogs Essex gave up in despair and cobbled up an agreement with the rebel Earl of Tyrone. Unfortunately, this was the last straw for Queen Elizabeth and put Essex on the road to the Tower of London and the executioner's block.

We can only hope our amiable chum at the Northern Ireland Office does not suffer a similar fate at the hands of Mrs Thatcher, who is said to take a dim view of his efforts to set up an elected assembly in Ulster and introduce a programme of "rolling devolution."

A group of Conservative back benchers, opposing the Bill together with the Official Ulster Unionists, managed to chalk up at least one success last night. They actually succeeded in making the normally imperturbable Mr Prior lose his cool.

"No, I won't give way because I am getting very worked up," he snapped at Tory MPs who tried to interrupt him.

In an impassioned appeal he begged them to remember what was happening in Northern Ireland, the real distress of the people there, and the duty of the Westminster parliament to face up to events in the province.

Bitterly he accused his Tory opponents of making precious little attempt to identify the true nature of the situation or to bring forward proposals to improve it.

Some of his critics had alleged that he had drawn up the Bill in a colonialist frame of mind.

"I have been accused of many things in the course of my political career, and probably will be in the next few hours, but I have never come across that one before," he observed sourly.

Sunny Jim's uncharacteristic irritability was very understandable. On the third day of the Committee Stage and after sitting until 6 am yesterday the House had only reached page two of the Bill.

Meanwhile, Mr Don Concannon, Labour's spokesman on Northern Ireland, proposed an amendment to remove the provision that any devolution scheme should have the support of at least 70 per cent of Assembly members before it was submitted to Westminster.

Somewhat unnecessarily he reminded MPs that they were dealing with a different political dimension in Northern Ireland.

It was not like sleepy Dorset or North Yorkshire. He accused the opponents of the Bill or seeking to kill it by stealth while avoiding the blame for doing so.

"This is one thing we in the Labour Party are not going to be blamed for. Do your own dirty work," he advised them.

Doggedly Mr Concannon pledged his party's continued support on the main principles in the Bill—"I have been around for 10 years on this question. But I will keep on trying. It will keep on having a go."

His patience could well be rewarded in the next few days for the chances are that Mr Prior will decide that enough is enough and will speed things up by asking the Chief Whip, Michael Jopling, to bring the guillotine on the Bill.

John Hunt

Missiles urged for cargo ships

BRITISH merchant ships and oil rigs should be equipped with missiles and other defence systems to protect them from potential attacks, Mr John Loveridge (C Upminster) said yesterday. The Falklands crisis had highlighted the need for such protection, he told the Commons.

Mr Loveridge introduced a Naval Defence and Merchant Shipping Inquiry Bill requiring the Defence Secretary to set up an inquiry into the possibility of introducing increased protection. It has no chance of becoming law, however, due to pressure on parliamentary time.

Advice on first aid dressings at work

EMPLOYERS are to be advised on where to get sterilised first aid dressings, in a Government driveto cut the risk of accidental contamination, Mr Kennth Clarke, Health Minister, announced yesterday.

This follows publication of a report on the issue, ordered last December after a scare over contaminated dressings from India reaching the British market.

TUC to launch campaign for British withdrawal from EEC

BY JOHN LLOYD, LABOUR EDITOR

THE TUC is to begin an active, if somewhat low-key, campaign for British withdrawal from the Common Market.

The campaign is in response to a motion, passed at the TUC congress last year, to commit the TUC for the first time to an anti-EEC stance.

The TUC's economic committee yesterday approved a propaganda campaign which would include the publication of two leaflets on farm prices before its next congress in September.

A more substantial pamphlet, planned for October, is to put the case for withdrawal but also to state the problems of a UK economy after withdrawal.

Some union leaders are unenthusiastic about the campaign, believing that British membership of the EEC should be accepted and that it can yield benefits. They will look to the October pamphlet to provide a full statement of the problems, in the hope that it may stimulate a reassessment.

Anti-marketeers, however, will insist on implementation of the congress decision. They believe that a rehearsal of the problems, and a recognition of them, will make the campaign for withdrawal more realistic and powerful.

The economic committee also approved the final draft of the TUC-Labour Party liaison committee's document on planning and industrial democracy, which is now virtually certain to be passed by the TUC general council this month.

The document calls for a large increase in planning at a new Planning Ministry, plus an annual national economic assessment to cover "the use of resources between personal consumption, public and private investment, public services and the balance of trade." Such an assessment "will have to cover the share of national income going to profits, to earnings from employment, to rents, to social benefits and other incomes"—a formula seen by some on the left wing of the TUC as opening the door to an incomes policy, which they would reject.

However, the document is likely to be approved this month by the Labour Party national executive, as well as by the general council, and will then be discussed more widely before being put to congress and the party conference in the autumn. Opposition to incomes policy is likely to surface at those gatherings, rather than before.

THE EEC has agreed to help fund the Wales TUC's proposed development centre for workers' co-operatives from the European Social Fund, Mr George Wright, Wales TUC general secretary, said in Cardiff yesterday, writes Robin Reeves.

The cash pledge follows a recent visit to Brussels, where the Social Affairs Commissioner said the EEC would match any initial Government fund for the project.

The money would be provided under new EEC Social Fund criteria to help job creation initiatives by small businesses and co-operatives.

The Wales TUC has asked the Welsh Office for £25,000 to meet the start-up costs, plus a total of £150,000 a year to cover the running costs of the centre.

Civil Service strike last year cost nine unions nearly £10m

BY OUR LABOUR STAFF

NINE UNIONS spent nearly £10m on the 21-week campaign of strikes last year in support of higher pay in the Civil Service. Final cost figures were given to union members yesterday.

The dispute cost the Government at least £500m in interest charges alone. This sum went on servicing the money borrowed to bridge the revenue gap created when disruption at key computer centres halted the flow of funds to the Exchequer.

Payments of 85 per cent of gross pay were made to union members ordered to take part in selective strikes. *Distribution of these costs between unions belonging to the Council* of Civil Service Unions is known as "equalisation" and is shown in the accompanying table.

The equalisation issue caused a major row within the council. A considerable sum was owed to the Inland Revenue Staff Federation (IRSF). The Civil and Public Services Association (CPSA), which owed a large amount, was reluctant to make it available.

The table gives details of the settlement, which is now being implemented by some of the unions. Column one is the sum of strike pay and money made over to the CCSU for administrative costs, less amounts drawn from CCSU funds.

A sum of £250,000 will be paid to the IRSF for equalisation, but it will later pay back £50,000 to the CCSU. The CPSA will have to pay £225,000. The money will be passed through a special CCSU fighting fund and used to finance future action.

Final payments, which roughly reflect union membership, *will create problems for* some unions. Original equalisation proposals, for example, suggested that the Civil Service Union (CSU) owed between *£200,000* and *£300,000*—an amount that would have effectively bankrupted it.

The union is now due to pay £85,000 and will not find this lesser amount easy to raise. Its most recent accounts suggest that its assets are worth £148,494, and it has 45,000 members.

Mr John Sheldon, the CSU general secretary-designate, acknowledges that the strike campaign pushed the union's finances to a "critical point." This had now passed, however, and there was "an identifiable trend towards a good, sound and healthy position."

EQUALISATION COSTS OF 1981 CIVIL SERVICE STRIKES

Union	Amount paid in 1981 £	Equalisation payments Now £	Equalisation payments Later £	Total outlay £
CPSA	2,420,000	75,000	150,000	2,645,000
SCPS	2,020,000	25,000	50,000	2,095,000
IPCS	2,030,000	75,000	—	2,105,000
IRSF	1,600,000	50,000*	200,000*	1,350,000
CSU	310,000	25,000	60,000	395,000
AGSRO	130,000	25,000	60,000	215,000
NIPSA	280,000	20,000	20,000	320,000
FDA/AIT	90,000	70,000	30,000	190,000
				9,315,000

* Money to be refunded to union.

Dockers to strike today in Tebbit Bill protest

BY BRIAN GROOM, LABOUR STAFF

LARGE NUMBERS of Britain's 24,000 dockers in the Transport and General Workers Union will strike for 24 hours today to mark Union Day—the TUC's protest against Mr Norman Tebbit's Employment Bill.

Although the strike call has official backing, the dockers are likely to find themselves isolated. The TUC is planning the day as a leafleting campaign backed up with workplace meetings, and is anxious to avoid repeating the relative failure of its 1980 Day of Action against Government policies.

Port employers expect London, Liverpool, Bristol, the Humber ports, Grangemouth, Glasgow, South Wales, Tees and Hartlepool, and Felixstowe to be among docks where cargo-handling is halted.

The Tyne and, surprisingly, militant-led *Southampton* will continue working. Southampton dockers are weary of disruption after a succession of disputes.

Passenger ferries will be largely unaffected, although ferries from Hull will go without cargo. Sealink expects its ports to work normally.

European Ferries was last night awaiting the outcome of a dockers' meeting at Felixstowe, and expected no difficulties at Dover, Portsmouth and Southampton.

The dockers' militancy is believed *to stem partly from* the industry's own problems, which have caused them to *threaten* national strikes twice recently. Dockers also remember their leading role in the fight against the 1971 Industrial Relations Act.

The TUC expects more than 8.5m leaflets to be distributed by trade unionists today. It will also advertise in newspapers. The slogan of the campaign against the Tebbit Bill is to be: "If you want to look after yourself, look after the unions."

Leaflets will be distributed at major rail stations, government offices, shopping centres and places of entertainment such as Lord's cricket ground.

Plan to scrap 'fair wages' norm attacked

By Our Labour Editor

THE Transport and General Workers Union has angrily condemned the Government's proposal to scrap the fair wages resolution, which requires public contractors to pay wages no less favourable than those set by free collective bargaining.

Last month, Mr Norman Tebbit, the Employment Secretary, told the Commons that the *Government* "had it in mind" to renounce Resolution 94 of the International Labour Convention which lays down minimum wage levels for workers on public service contracts.

Mr Tebbit invited responses to the proposal from unions and employers, by the end of *this month.* No other responses have yet been received, though the plan has been denounced by Mr Len Murray, TUC general secretary.

Mr Larry Smith, the TGWU's executive officer, said yesterday: "The resolution provides a bare minimum of support for low-paid workers on Government contracts. Tebbit aims to put them back to 19th century conditions as far as wage rights are concerned."

Resolution 94 comes up for review between September 1982 and September 1983, and must be renounced within that period. The Government is also considering renouncing resolution 26, which covers wages councils—though this does not come up for review until 1985.

Metal workers pull out of amalgamation talks

BY BRIAN GROOM, LABOUR STAFF

THE 70,000-strong National Union of Sheet Metal Workers voted overwhelmingly at its biennial conference yesterday to withdraw from amalgamation talks with the Amalgamated Union of Engineering Workers.

Delegates at Hove decided to open discussions with AUEW-Tass, the engineers' left-wing, white-collar section, and the Transport and General Workers' Union, to discover the terms for a possible transfer of engagements. These could be recommended to a special conference within 12 months.

Mr George Guy, left-wing general secretary of the Sheet Metal Workers, said the policies pursued by the right-wing AUEW leadership were contrary to those of his own union. This, along with the legal problems in the AUEW's federal structure, meant that the two years of talks could not continue.

He hoped the AUEW would one day return to the policies of previous years so the aim of one union for engineering could be achieved.

Mr Jim Mortimer, general secretary-elect of the Labour Party, addressed the conference and stressed the irrelevancy of Mr Norman Tebbit's Employment Bill to the real problems of Britain.

He said the Bill aimed to outlaw one of the basic principles of the trade union movement—the solidarity of one group of workers with another.

BA cabin staff dispute settled

By Our Labour Staff

BRITISH AIRWAYS intercontinental flights from London Heathrow airport have returned to normal, after a dispute with cabin staff was settled yesterday.

The staff objected after a new shift pattern was introduced on transatlantic routes in February as part of BA's rescue plan. They claimed it caused jet lag stress.

In a compromise yesterday BA agreed to withdraw the system from Los Angeles and San Francisco flights, and also Miami, as long as compensatory staff savings are achieved.

Inquiry into Ulster industrial aid schemes

BY LYNTON McLAIN

THE GOVERNMENT has begun a review of industrial development incentives in Northern Ireland to find out if cost effectiveness can be improved, Mr Adam Butler, Minister of State at the Northern Ireland Office, told the Commons trade and industry select committee yesterday.

Mr Butler said measuring cost-effectiveness was difficult, *but the review was designed to* see if the relationship between schemes could be changed to make the best use of available resources.

Sir Peter Emery (Con., Honiton) asked why no Japanese companies had invested in Northern Ireland when a "dozen or so" had invested in the republic. Mr Butler said Japanese investors were put-off by the "perceived image of unrest in the province."

Northern Ireland has the "best package of industrial incentives in Europe," Mr Butler said, but the republic levied only low rates of corporation tax.

Northern Ireland had a per capita level of Government financial support 35 per cent higher than that available elsewhere in the United Kingdom, but this was justified because of high unemployment and the province's special needs.

Shipbuilding at Harland and Wolff in Belfast was supported by direct aid from the Government of £7,000 a year for each job, a level of subsidy which Mr Butler described as "very high, the highest in the province, and one which is not acceptable."

Short Brothers, the aerospace company in Belfast, had a "very positive future, making missiles, aircraft and aerospace structures." The proposed development by the U.S. Learfan aircraft company had been put back and remained a "high risk project," Mr Butler said.

Jobs in the small firms sector of Northern Ireland industry and in established indigenous industry are the cheapest to promote, the Northern Ireland Department of Commerce said in written evidence.

However, these two categories alone would not generate "a sufficient flow of the right kind of new job opportunities. The need for more expensive new overseas investment, therefore, remains," the department said.

The average direct cost of each job promoted in new overseas companies which had set up in Northern Ireland rose from £2,825 in 1975 to £17,612 in 1979 (both at 1979 prices). In contrast, the comparable direct costs for each job promoted in medium to large domestic companies were £9,279 in 1975 and £5,620 in 1979.

FINANCIAL TIMES SURVEY

Thursday June 10, 1982

The Basque Country

The inherent differences between the Basque Country and the rest of Spain have traditionally been a source of mistrust between the Basques and Madrid. Relations over recent years have improved, however, helping to repair the damage caused by the repressive policies of the Franco regime.

Strong belief in a regional identity

BY ROBERT GRAHAM

THE WAY many Basques talk, the differences between themselves and the rest of Spain appear more important than the similarities and common ties. The extreme view is that the Basque country, Euskadi, has ended up in the Spanish state via the unjustifiable quirks of history, and the less there is to do with Madrid the better. Yet even moderate opinion, which has fully understood the futility of seeking Basque independence, still believes strongly in the idea of a separate identity for the Basque Country.

That the Basque country and its people are different is obvious even at the most casual glance. Basque nomenclature, full of Xs and Zs, is a constant reminder that Europe's oldest language obstinately survives. The scenery — pine-covered mountain slopes and narrow fertile valleys with houses reminiscent of the Alps — is in stark contrast to the open plains to the south in Castille. The montains protected and isolated the Basques from Moorish domination and made them look to the sea and northern Europe. It was no accident that one of Spain's leading banks, Banco de Bilbao, established a presence in London and Paris before it did so in Madrid.

Climate and geography have forged a proud, hardy race with a strong sense of community and cultural heritage. The emergence of the co-operative movement, based around Mondragon, is a peculiarly Basque phenomenon whose success derives greatly from a spirit of common Basque endeavour.

Competitions

It is curious, too, how the Basques are distinguished by the physical nature of their sports. Pelota, the fastest ball game in the world, evolved here. The Basques still amuse themselves with such activities as tug-of-war, rowing races in long, low fishing smacks and stone-lifting competions. They have provided, and continue to provide, the most illustrious names in Spain in football.

Wedded to all this is an ancient form of local government—elected councils which, in turn, elect a council of councils which meets at Guernica. The councillors, or *Junteros*, swore allegiance to the King in front of the Tree of Guernica; the King, in turn granted the Basques certain rights and privileges known as *fueros*.

These ancient rights were suppressed by Franco, who ended the Republic's effort to concede autonomy in his drive to cement the unity of Spain. He also never forgave the Basques for siding with the Republicans. The use of the Basque language was banned and a deliberate attempt was made to eradicate the Basque identity. The consequence of those policies, which were backed by heavy repression, was a general resentment of the central government in Madrid and a radicalisation that led to the emergence of the militant separatist organisation, ETA.

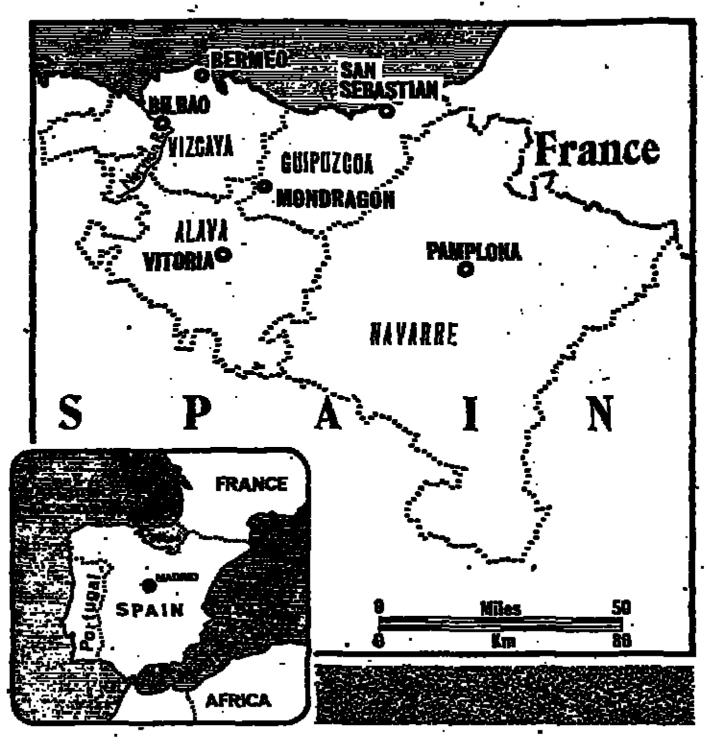
The damage caused by the *policies of the Franco era will* take time to heal. Yet it is remarkable, given all the errors and continuing mistrust between Madrid and the Basques, *that so much has been achieved* in such a short time. The main public image of the Basque problem is that of ETA terrorism, and of violence.

The continued existence of ETA should not be minimised, but it should be put in context. The Basque Country now has an autonomy statute — agreed in July, 1979, and subsequently endorsed by referendum — which goes further than the autonomy granted under the Republic. Moreover, the Basques now have politicians democratically elected at municipal and regional levels.

The hard line voice, in favour *of ultimate independence and* of ETA, accounts for about 20 per cent of the Basque vote and is expressed in the form of the coalition, Herri Batasuna. A new left-wing group, formed by Euskadiko Eskerra and a breakaway rump of the Basque Communist Party, probably accounts for another 10 per cent. The latter is against violence.

The vast majority is behind the conservative Basque Nationalist Party, PNV, which runs the Basque Government and has a finger in virtually every pie.

The legitimacy of the PNV cannot *be called in question*. Many of the present PNV members are former ETA sympathisers.



By *giving clear proof* that things are working better, and that the Basque country is being run by Basques, the PNV hopes support for the ETA militants will be eroded. In the 18 months since the autonomy statute went into effect, the Basque regional government has gone about its task with extraordinary thoroughness. The centre of regional administration is now firmly established in Vitoria, housed in a converted sanatorium.

The Basque Government now has control over education up to university level and Basque, Euskera, is already taught in primary *schools*. A Basque television station is being built and is due on the air in 1983. The first 600 Basque recruits have *passed through* a Basque police college.

An indication of the systematic way in which Basque solution are being pursued is even more evident in industry. There the Basques have created a precedent by forming an industrial holding company to promote industrial development and reorganisation. This is specially significant in a region which is heavily dependent upon base industries, such as steel and engineering, which have been badly affected by the recession.

The Basque Government is acutely conscious of the damage done by the recession, and of the danger of letting unemployment continue to rise, at present about 16 per cent. Companies have been progressively decapitalised.

Blame is readily heaped on the uncertain political situation and the activities of ETA — but there is nothing to suggest that Basque capital, which has generally gone to Latin America or to property in southern Spain, would have behaved much differently if ETA were not in existence. Spanish capital in other regions has followed a similar pattern. ETA has a "revolutionary tax" and is willing to kidnap and threaten if demands are not met. It is also true that several Basque businessmen have left for fear of their lives, or out of an unwillingness to pay. But they are a minority and there is no evidence of foreign companies being touched by *such* pressure.

Terrorism has declined sharply in the past year due to improved action by the security forces. Matters would improve further if the French authorities cracked down on the ETA leadership residing in France.

The Basque government wants to have much greater control over police action since such supervision, it argues, would remove the need for the large presence of the Guardia Civil *and national police*. (One of ETA's main demands is for the removal of the security forces.)

The Basque government also argues that it cannot be held responsible for what happens in the region when so much of the final say still remains in Madrid. Of course, friction with Madrid arises thereby. Since the abortive military coup of February, in Madrid, the central government of Sr Leopoldo Calvo Sotelo, in full agreement with the Socialist Party, has adopted a far more restrictive view of autonomy. For instance greater local control over the police is out of the question.

Ignorance

Under all this lurks, especially in Madrid, an enormous ignorance on the part of each side about how the other feels.

The common interest of the Basques and of Madrid is underscored by the fate of the controversial nuclear power station at Lemoniz. By assassination of the plant's chief engineers twice since February 1981, ETA first paralysed, and now has temporarily halted, work on the $2bn plant. It is more than two-thirds complete and of vital importance for the energy needs not just of the Basque country but of Spain as a whole. Neither the Spanish Government nor the autonomous Government can afford to see ETA triumph by stopping such an important capital project.

More generally, the will to make things work is undermined by the increasing political instability of the ruling Union de Centro Democratico party and the prospect *of early general elections from* which no party would obtain a majority.

So at a crucial time, when the Basques need to flesh out their autonomy statute, there is increasing confusion about with whom they deal in Madrid. In the long run, nothing will hurt Basque autonomy, and the prospects for an end to violence, more than frustrated aspirations.

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Private company benefits after Government agrees to restructuring plan

State aid boosts chances of recovery

STEEL

NO SECTOR of the Basque economy has been battered so badly by the current recession as the steel industry — historically the foundation stone of Basque wealth. Spawned in the middle age of the British industrial revolution, when shipping companies carrying iron ore from Biscay to England were persuaded by Basque interests to return laden with coal, the steel industry became the heart of the most advanced economy in Spain, allowing the Basque Country to beat to the rhythm of North European development.

But the heavy concentration of steel concerns in the Basque Country, where along with the related activities of shipbuilding and capital goods production they account for nearly a third of industrial activity, has emerged in the last eight years as a major structural liability, making the region as vulnerable as a single-crop agrarian economy.

The Basque Country accounts for over a third of Spain's integrated and basic steels output and some 70 per cent of special steels production. By 1980, total losses in the Spanish integrated steel industry had climbed to Pta 34bn (£181m), with special steels losses up to Pta 6.5bn.

Altos Hornos de Vizcaya (AHV), based on the heavily industrialised left bank of Bilbao's River Nervion, is one of Spain's three integrated steel concerns and the only one remaining in private hands.

Founded 80 years ago from the fusion of three 19th century steelmakers, AHV was last in the black in 1976, when it scraped a modest Pta 704m (£3.7m) profit. In the last five years it has accumulated losses of Pta 41bn, ending last year with a loss of Pta 10.46bn. Its financial position had been eroded to such an extent that by April 1981, its total liabilities had reached Pta 54.7bn against capital and reserves of some Pta 15bn.

Yet AHV looks to have been given a new chance. In May last year, the Spanish Government finally agreed on a Pta 165bn restructuring plan for the integrated steel sector as a whole, Pta 53.6bn of which was earmarked for AHV.

The results so far look promising. AHV figures for the first quarter of this year show that the company's cash-flow was back in balance, against last year's negative cash-flow of Pta 6.5bn (prospects for this year have, however, suffered a heavy blow following a freak fire on March 25, which completely destroyed the electronic controls of AHV's hot strip rolling mill, the nerve centre of production).

Complications

Spain's steel industry combines the ills endemic to the industry elsewhere — excess capacity, heavy financial overheads, and surplus labour—with a number of specifically local, aggravating factors.

Both the Government and the industry were slow to react to the recession partly because of the political complications of the transition from dictatorship and partly because they failed to appreciate the difference between this recession and the traditionally cyclical nature of the steel industry.

As a result, the recession "arrived later" in Spain, and caught the steel industry on a wave of expansion. The industry still has the capacity to produce some 16m tonnes of steel a year, against national demand of just over 8m tonnes.

At the same time, wage settlements in the industry were consistently above levels in competitor countries, while most producers had developed an easy reliance on cheap money, making them extremely vulnerable as interest rates were gradually liberalised.

Between 1974 and 1980, for example, AHV saw its labour and financial costs triple, to total 34 per cent and 17 per cent respectively of all costs. During the same period, AHV's production rose by only 78 per cent. In 1980, the inability to meet payments to suppliers regularly began a period of intermittent raw material shortages. AHV put the cost of such shortages in 1980 at Pta 1.07bn.

A further and particularly damaging element in the scenario was the industry's almost total reliance on the local market, made captive by the high tarriff barriers introduced by Franco.

In 1974, the first year the recession began to bite in Spain, the sector as a whole exported only 9.3 per cent of production of 11.47m tonnes; by 1980, it was exporting 46.8 per cent of production of 12.67m tonnes, five times the amount.

As domestic demand collapsed, recourse to foreign markets averted complete debacle. But Spanish producers arrived abroad after most of their better-placed competitors and had to accept prices between 15 and 30 per cent lower than at home.

The Government, the integrated steel companies, and the major trade unions began talks on the crisis in 1979. As a prior measure, the State holding company INI took over Altos Hornos del Mediterraneo (AHM), 46 per cent owned by AHV, where a cold strip rolling mill had been completed in the first phase of a three-part plan aimed to service the increasingly depressed car and domestic appliance industries.

Finally, an overall plan for the sector with funds of Pta 165bn available was published in May last year, the main objectives of which are:

- to reduce financial and labour costs to 8 per cent and 23 per cent respectively of all costs by the end of 1983;
- to carry out investments designed to boost productivity, iron out bottlenecks, and make production of the three major companies complementary;
- to reduce raw material and energy costs; to co-ordinate trade, fix production quotas and decontrol prices;
- to cut the labour force by 5,800 to 32,400 and reduce wage rises to 70 per cent of the consumer price index (giving settlements of 9 per cent in 1981 and 9.5 per cent in 1982).

New funds

Agreement on the measures was held up because AHV—unlike AHM and the other integrated steel producer in the State sector, Ensidesa—owed its private bankers nearly Pta 16bn, as well as owing the Government nearly Pta 20bn in tax and social security arrears.

The arrears were consolidated, Pta 14.7bn of the bank debt was rescheduled (the Banco de Vizcaya wrote off Pta 1.2bn) and the private banks agreed to supply new funds of Pta 25bn, for which the State stood guarantor. The official Industrial Credit Bank provided another Pta 12.7bn.

Further funds are promised for a continuous casting mill, with major investment in new installations designed to resolve existing bottlenecks and balance out an inefficient production process.

AHV has shed 1,000 of the 1,800 jobs it plans to cut, entirely by voluntary redundancy or early retirement. In the first years of the re-structuring plan it has managed to stabilise its labour costs and reduce its financial costs from 17 to 12.7 per cent of all costs.

The Basque special steels sector, also reached the watershed year of 1980 in critical condition. Productivity had fallen below half that of its international competitors; losses for the year rose to Pta 6.5bn; total liabilities climbed to Pta 76bn; over 40 per cent of capacity was lying idle; and, while exports had tripled in seven years, this was frequently achieved by resorting to marginal markets at ruinous prices. The situation was further exacerbated by a price war at home.

At the end of 1980, a mini-restructuring plan was put forward, to be administered through a holding company, Aceriales, representing seven of the major concerns.

Aceriales has initial funds of Pta 9bn—provided largely by the central and Basque Governments—though its financing needs are likely to grow. It exists to co-ordinate marketing strategy, help introduce new technology and channel funds. In its first phase it has presided over some 2,500 redundancies in a complex scheme which aims to relocate some workers and provide comparatively soft financial cushions for others. Though slow to start, the project is showing some signs of success: SA Echeverria, for example, where most of the redundancies occurred, has begun to turn round from peak losses of some Pta 3bn in 1979 to a balanced cash-flow so far this year.

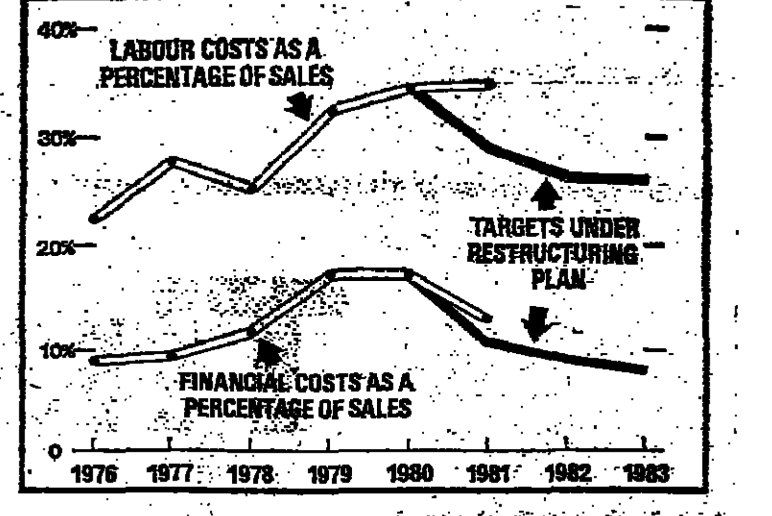
But though the Basque steel industry has had surprising initial success in its efforts to surmount the current crisis, there are still question marks hanging over its future. When Spain enters the EEC for example, the gradual dismantling of tariff barriers (currently averaging some 12-13 per cent on most steel products) will sharply test the resilience of local industry.

Further pressure, particularly abroad, will come from the newly developing countries. A recent study by the Caja Laboral Popular of Mondragon on Basque unemployment argues that the majority of Basque steel products are potentialy threatened by the newly industrialised economies.

The industry's ability to meet these challenges will depend on how far it can identify and develop product areas in which it can continue its forced march towards competitiveness.

David Gardner

Altos Hornos de Vizcaya's performance



Deaths of chief engineers halt work on Lemoniz power station

Plan to increase self-sufficiency threatened by nuclear protestors

ENERGY

TOP PRIORITY has been given to evolving an energy policy that coincides with the Spanish national energy plan and provides greater Basque control over—and use of—resources.

The starting point is a simple fact. The Basque Country is profoundly dependent upon imported energy—either in the form of electricity brought in from other parts of Spain and France or via imported coal and energy products used in industry and local power generation.

This dependence will be substantially reduced if, and when, the Lemoniz nuclear plant near Bilbao is able to operate. However, work on the twin 930 Mw plant at Lemoniz has been effectively stalled since February 1981 and formally paralysed since May 1982 as a result of a concerted campaign of terrorism by ETA, designed to ensure that it never works.

The Lemoniz issue cannot be minimised but nevertheless it should not be allowed to obscure a series of very important steps taken by the Basque Government which will have a major long term impact on the region's energy picture.

Possessing no major rivers the Basque Country has traditionally relied upon tapping the hydro-capacity of neighbouring regions. Indeed it was the energy demands of Basque industry which early on led Basque engineers to be in the forefront of Spain's development of its hydro-resources.

Currently under 2 per cent of hydro-electricity comes from within the Basque country, while almost 20 per cent of primary energy needs are covered by hydro imports from outside—usually via the private utility, Iberduero, which has been the dominant factor in power generation. Iberduero's capital is largely Basque in origin and the two main Basque banks, Bilbao and Vizcaya, have been its principal bankers.

Coal until recently has played a declining role, accounting for 18 per cent of primary energy needs, while oil has covered the bulk (60 per cent). Within the Basque Country there is no nuclear power station operational—the $2bn Lemoniz plant, 17 kms from Bilbao, would be the first.

Given this situation, the Basque Government in March drew up an action plan with four main aims: stimulate energy conservation; introduce natural gas for domestic use and as an industrial raw material; support the operation of Lemoniz; accelerate the use of coal, especially as an industrial substitute for fuel oil.

In this way it is hoped that the current proportion of locally produced primary energy will swing from just under 2 per cent to 41 per cent by 1990.

It is an ambitious undertaking, underlined by the choice of Sr Javier Garcia Echogeaga to head the Basque Government's key portfolio of energy and industry. Sr Echogeaga, like many of his Basque technocrat colleagues a product of the Jesuit university of Deusto, has been recruited from a top post in the Ministry of Industry in Madrid. He has been familiar with Spain's national energy plan from the start. However, in the case of the Basque Country's own policies there are some interesting differences and refinements he has now proposed. The national energy plan pays a good deal of lip service to energy conservation but Sr Echogeaga has taken matters further in the Basque Country.

In December the Basque Government established a study group, CADEM, to stimulate and investigate energy conservation. Since industry accounts for 67 per cent of energy consumption in the Basque Country it was felt that there was a special need for closer study of energy saving measures. (The biggest industrial user is steel, using 58 per cent of the sector's total.) Improved conservation method should lead to saving the equivalent of 750,000 tonnes of crude a year by 1990 — 10 per cent of primary energy supplies.

Deposits

A much bigger project involves the utilisation of gas. Here the discovery of encouraging deposits of gas offshore near Bermeo has completely altered the picture in the past 18 months. The discoveries, made by Iniepsa, the domestic exploration arm of Hispanoil, have yet to be fully assessed. However, cautious estimates suggest minimum reserves of gas equivalent to 10m tonnes of oil.

The Bermeo discovery has been the catalyst for a project to introduce gas into the Basque Country. Until now gas has been used only on a limited scale in Spain with a network of gas lines in Catalonia that has now spread upwords to Saragossa. The Spanish national gas concern, Enagas, will bring via large diameter pipes the gas to the Basque Country—in turn linking it eventually with the European network. The gas will then be distributed, geared first and foremost to domestic use ad then as a primary product in industry. Distribution will be the responsibility of the Basque Government.

In this way by 1990 gas will represent almost nine per cent of energy consumption, well above the average in Spain as a whole. Sr Echogeaga considers this to be conservative.

If Bermeo proves as promising as indicated the percentage could be much higher.

He says that development of the Bermeo gas will cost some Pta 41bn, while a further Pta 20bn will be spent in distribution. This will provide an important boost to unemployment—about 2,000 permanent jobs alone—and carry a big spin-off for the Basque steel and engineering industry. Actual gas distribution will be via a subsidiary of a newly created Basque energy holding, Sociedad de Gas Natural Del Pais Vasco, in which Enagas will have a minority stake.

The energy holding company will have as its main task the operation of the Lemoniz Plant. This plant undoubtedly poses the most delicate energy problem. Site work began on the plant in 1972 but Iberduero only obtained full licensing permission from the local authorities in 1976.

From its inception the plant has been controversial both because of the siting so close to Bilbao and because Iberduero was regarded by the left and militant Basques as the epitome of the Francoist financial "bunker." But organised protest against the plant, which on one occasion saw over 100,000 persons in the streets of Bilbao, has been pushed into the background by ETA's violence since 1977.

Initially attacks were directed against the construction site itself and ETA even succeeded in damaging one of the generators. Latterly ETA has switched tactics. On the one hand it has singled out Iberduero installation throughout the Basque Country causing serious loss of generating capacity at times. On the other hand ETA has singled out the vital technicians working at the plant.

In February 1981, Sr Jose Maria Ryan, the chief engineer was kidnapped and then assassinated after Iberduero refused to accede to ETA's demand to halt the plant. Then in May 1982, Sr Angel Pascual, Sr Ryan's successor, was assassinated.

The latter killing came just when the newly formed Basque energy holding was due to take over operational control of Lemoniz. This Basque control has been a painfully negotiated compromise between Iberduero, the Basque Government and Madrid. Iberduero retained ownership, the Basque Government operational control and Madrid responsibility for security via the national Nuclear Safety Council.

Referendum

This seemed the only way ahead since the technicians had declined to return in full following Sr Ryan's death. The Basque Government wanted a referendum to provide greater moral backing for the plant but this was unacceptable to Madrid.

In private there has been little secret about the original project being ill conceived so close to Bilbao. But the Madrid Government could not afford to give way to the anti-nuclear lobby and more particularly to ETA violence. The Basque Government, equally anxious to stand up to ETA, also wanted Lemoniz to go ahead because it provided the key to the region's greater energy independence.

The killing of Sr Pascual has now complicated matters further and forced Iberduero to stop all work. The stoppage is expected to last at least six months. Whether Iberduero stays with the project as full owner is uncertain. It is also unclear precisely how technicians are going to be persuaded to complete their work at the plant with ETA menacing death. Despite this both Madrid and the Basque Government are adamant in their commitment to seeing Lemoniz function sooner or later.

Robert Graham

Profits have dropped but group resists worst of recession

Co-operative experiment a success

MONDRAGON

THE much-admired group of Basque industrial co-operatives based on the Caja Laboral Popular (literally, working people's savings bank) of Mondragon is managing not only to successfully resist the worst of the recession, but to maintain full employment within the group as well.

Profitability (or surplus as the CLP prefers it) has certainly fallen sharply, in many cases into the red, over the past five years, and the financial position of over a dozen companies in the group, if taken singly, has been severely eroded.

Yet a recent analysis of the private sector by a Spanish employers' think-tank places the Mondragon group roughly in the middle in terms of profitability. And this, as one CLP executive was quick to point out, is "in contest with the survivors." In the Basque Country, where a recent CLP study estimates real unemployment to be 22.9 per cent (against official figures of 16 per cent), this is a major achievement.

Preferential

The CLP group comprises 91 industrial co-operatives, rising to 154 units in all when agriculture, consumer, housing, and education (with 43 teaching centres) co-operatives, plus the "second-degree" or superstructural co-operatives (the research and social security centres, the bank itself) are added in.

From the first workshop employing 23 founded in 1956, the industrial group now employs 18,700 people with a turnover last year of Pta 83.4bn. The CLP itself, since its foundation in 1960, has seen its deposits grow to Pta 63.8bn (24 per cent up on 1980) with 487,000 depositors, one fifth of the Basque population; its investments in the group to Pta 36.9bn (Pta 6.4bn in 1981); its capital and reserves to Pta 7.4bn; and its number of branches grow to 114 last year, when it turned in a net profit of Pta 1.1bn.

At one level, the key to Mondragon's success lies in the carefully designed superstructure of the group. Central to this is obviously the bank, which as well as lending funds at preferential rates to finance existing co-operatives and launch new ones, is the group's strategist, providing investment analysis and management skills.

Second in importance is Ikerlan, the applied research centre which combines the twin roles of R&D and training, the latter in conjunction with the group's schools and polytechnic. It was here that Spain's first robots were developed and its role in developing the technological sophistication of the group cannot be overstated.

The third key component of the superstructure is Lagun-Aro, which co-ordinates social security, industrial hygiene and health. Lagun-Aro (which in Basque means "sure friend") has played a critical role in redeploying workers "excess" (the word "redundant" is frowned on) to the production needs of individual units. In the 12 months to May this year, 400 co-operativists have been switched to new jobs, leaving just 18 jobless while there are 180 vacancies in the group.

A further key structural factor is the organisation of the group into sub-groups, organised either in terms of geographical proximity, product compatibility, or not infrequently, both. The resources of these sub-groups are common to all its components and apportioned on the basis of need. Equally, it is the sub-groups that carry out most of the minor redeployment of personnel; Lagun-Aro moves in when more than 10 per cent of a plant's workforce is involved.

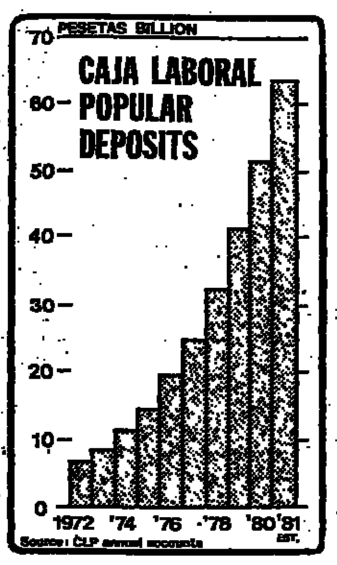
Beyond the purely instrumental level, however, is the central fact of worker-ownership, the co-operative mechanism which allows rapid adjustment to changing economic circumstances and the flexible distribution of resources on the basis of consent. All evangelism aside, the efficacy of the superstructure derives from this.

Take the Ularco group, for example, the largest of the sub-groups with nine co-operatives employing 6,177 people. The core of the group is the original 23-man workshop, Ulgor, which now employs 2,780. Ulgor is the Spanish market leader in washing machines, cookers, dishwashers and fridges under the Fagor trademark. But the domestic appliance sector in Spain has been hard hit by the recession, with losses last year of some Pta 12bn on turnover of nearly Pta 90bn.

Last year Ulgor lost Pta 500m on a turnover of Pta 16.9bn, saved to a large extent by Pta 6.8bn in exports, mainly to France and Algeria. It was only the second loss in its history.

The company's response was

Mondragon town with co-operative movement's applied research centre, Ikerlan, in the foreground



to increase its capital by Pta 650m, subscribed to by the whole group in proportion to their own performances, and for the members of the co-operative to vote themselves a symbolic 2.8 per cent pay rise for the second year running. Thus those parts of the group doing well help those which are in trouble.

The bank helps with more severe liquidity problems and provides new investment. Ederlan, for example, which makes car components, has won a contract to supply disc brakes for the General Motors plant being built at Zaragoza. This requires new investment of Pta 100m.

Equally, the group's strategy is to gradually reduce the specific weight of Ulgor and further diversify into other fields. Thus, Fagor Electrotecnica, which makes television tuners and low-power semiconductors, gave birth last year to a new co-operative, Aurki, which makes numerical control systems for machine tools.

The control systems were developed by Fagor in conjunction with the Ikerlan centre. Ularco now has a complete range of equipment to offer in the machine tool sector, an area which is proving to some extent anti-cyclical and is compensating for the group's activities in more depressed sectors.

Another perceived problem is the speed with which the Ularco group has moved into the export markets: from a base of practically nil in 1974, Ularco last year exported Pta 11.6bn of its total turnover of Pta 30.4bn.

The pace of foreign competition and the necessarily indiscriminate choice of markets shows up frequently in the figures. Fagor Electrotecnica for example, exported 75 per cent of its semiconductors in volume terms for a return of only 52 per cent in cash terms. This is a price the group is willing to pay in the short-term to maintain jobs.

Restructuring

Fagor plans to use the Pta 800m it will get from the Government—as part of a restructuring plan for the electronics sector—to overhaul its foreign sales strategy, in conjunction with the already considerable Ularco overseas sales network.

Another source of group funds is from the sale of technology. It has clinched 19 such deals with talks proceeding on nine more—mainly in Latin America, the Mediterranean (Turkey, Libya and Morocco) and Eastern Europe (Poland and Hungary).

The prospects for the Mondragon group are therefore promising. It has managed to create nearly 4,000 new jobs during the last five years and, though investment has ceased to rise, it still amounts to Pta 14.4bn in the last three years.

Critics inside the group—they do exist—are concerned that the original co-operative spirit, particularly the urge to create new jobs from the group's surplus, is being eroded and that the Caja Laboral itself is behaving more and more like an ordinary commercial bank.

The directors of the group argue that last year was the worst of the crisis, admitting that some of the woe was self-inflicted because long-postponed decisions could no longer be deferred.

Some dislocation has occurred as a result of efforts to consolidate the sub-group structure—there are now 10, accounting for 65 per cent of turnover—and living standards have suffered badly as the group has slashed labour costs by 3.6 per cent (against total sales) in the past three years. But no jobs have been lost and many more might yet be created.

David Gardner

ULARCO GROUP, MONDRAGON
(Figures in Ptas '000)

	1977	1978	1979	1980	1981	Projected 1982
Sales	14,572	18,641	22,192	25,738	30,417	35,325
Investment	1,570	1,527	2,106	1,883	901	565
Profits	1,144	851	572	−209	−935	390
Cash flow	1,859	1,811	1,762	1,322	940	2,446

Source: Ularco.

Troubled state-owned concerns look abroad for new markets

Private yards stay in the black

SHIPPING

THE GROWTH of the Basque Country has been intimately linked throughout its history with the port of Bilbao. Sited at the mouth of the River Nervion and sunk between steep, protective hills, Bilbao is a natural harbour and it was from here that some of the great voyages of the past were made by Basque sailors. It was from here too that Spain's sea-borne trade with northern Europe (mainly wool) was conducted from the Middle Ages onwards. As early as the 16th century a special court, the Consulado de Bilbao, was established to deal with problems created by maritime trade.

The real boost to maritime trade came with the British industrial revolution that saw an upsurge in demand for iron ore from the province of Vizcaya and the purchase of British coal for use in Basque steel furnaces. This in turn led to the growth of a shipbuilding industry along the banks of the Nervion, using the Basque steel and engineering industries.

In the past 100 years Bilbao has been the main centre for the shipping business in Spain, with Basque shipping magnates owning from between a third to half of total tonnage. In 1882 74 of Spain's 368 steam-ships were Basque owned. By 1918 there were 17 Basque companies among Spain's 33 largest shipping concerns and Bilbao-registered tonnage totalled 312,000 tons in 90 vessels. Nearly one third of this tonnage was accounted for by two groups—Aznar and Sota. (The owner of the latter was knighted for putting his fleet at the disposition of Britain during the first world war when Spain was neutral.)

Today there are 35 Basque shipping companies owning 154 vessels and employing some 6,500 crew. This represents 30 per cent of all Spanish shipping. The main Basque companies being Artola and Vizcaina.

The nature of the shipping business has changed enormously. A large number of the present companies were either founded or expanded with the economic boom of the late 1950s and the 1960s, and were often tempted into the ownership of oil tankers. As a result, the rise in oil prices and the decline in international tanker demand has been keenly felt.

Difficulties

This has been a factor in the demise of Letasa, whose fleet has been sold off (only one tanker remains unsold) due to financial difficulties, and within Aznar, one of the former great names of Bilbao shipping.

Shipowners have further been squeezed because the Government has obliged them to take over tonnage ordered by foreign buyers from Spanish shipyards which has not been delivered. Selling surplus tonnage has not always been easy because of the problems posed by tough demands from Spanish crews who have sought to protect their jobs.

One of the latest sales has been by Vizcaina, selling off two 300,000 dwt tankers to Saudi interests. Instead of incurring the cost of maintaining the two tankers, Vizcaina will now be able to earn income from a management contract with the new owners.

Prior to the sale, Vizcaina had a fleet of 1.14m dwt. One of the largest in Spain, it had been built up only since 1956. The company is majority owned by the two Basque banks Bilbao and Vizcaya with 40 per cent each. It has been able to weather out difficult times and substantial losses largely due to the backing of its bank shareholders.

Apart from gearing its fleet to national needs, Vizcaina also sought to provide a better shipping service to purely Basque industrial needs. Thus it formed a joint company, Naviera Quimica, with the Basque private shipbuilder, Ruiz de Velasco, to carry chemical products.

Vizcaina was also a pioneer in Spain in establishing a company to carry special heavy cargoes of up to 500 tonnes capital goods from the engineering industry and a joint venture, Iberbulk, to carry steel products for the Basque steel industry.

Where possible the shipowners have gone to Basque shipyards which range along the banks of the River Nervion, where there are both state-owned yards of the Astilleros Espanoles group (AESA) and private operations.

Control

Originally AESA was only 50 per cent owned by the state holding company, INI, and an important slice of the capital was Basque, including a Banco de Bilbao stake. But the growing financial difficulties of the yards have resulted in the past three years in INI control.

The lack of space along the banks of the Nervion, coupled with the need to distribute work in other centres like Cadiz and El Ferrol has meant that the three state yards—Sestao, Olaveaga and Asua—have built smaller vessels. The biggest vessel Sesta can build is 130,000 dwt tonnes while Olaveaga's capacity is 35,000 dwt.

Under a recently announced restructuring plan the AESA yards will lose over the next three some 800 of their 6,000 strong workforce and will concentrate on bulk carriers, grain carriers and specialised petroleum and chemical carriers. These will all be within the range of 44,000 dwt tonnes.

However, the bottom has fallen out of the domestic market and a vigorous effort has to be made to capture foreign sales if the labour force is to be maintained.

Shipbuilding costs in Spain have risen sharply, frightening off buyers even with soft financing. Equally Spanish prices are proving increasingly uncompetitive in export markets. Sr Ramon Bergarache, of Brokers Lambert Bros, cites a recent example of the lowest Spanish offer for a foreign contract being $30m against $24m by Korean yards.

The six principal smaller private Bilbao yards remain more confident. Still acting as family concerns they have greater flexibility and have kept in the black, most frequently by shedding labour and cutting back on sub-contracted work.

Ruiz de Velasco, founded in 1941, for instance, has been a pioneer in its field. It built in its Bilbao yard the first Spanish cement carriers and the first chemical tankers. Employing 470 people Ruiz de Velasco currently has on its order books two LPG carriers of 20,700 dwt tonnes and one special chemical products carrier of 16,045 dwt.

Robert Graham

Bank boards retain a tight grip on the economy

Bilbao's two in the top seven

BANKING

THE BASQUE reputation for thrift and hard work is no better illustrated than in the development of banking. Two of Spain's "big seven" commercial banks, which now control two-thirds of Spanish commercial banking, are of Basque origin and two others owe much to Basque capital.

While now regarding themselves as national banks, both Banco de Bilbao and Banco de Vizcaya insist on their regional rooting in the Basque Country. Both retain their headquarters in Bilbao. Only Banco de Santandar of the other big seven retains its seat outside Madrid.

As well as the two major national banks there are the savings banks or cajas de Ahorro. These non-profit-making institutes have been extremely active in promoting Basque economic development and have demonstrated a remarkable ability to attract deposits. The cajas' share of deposits in the region is higher than anywhere else in Spain and the Basque Government regards them as a vital instrument to finance new development.

Basque banks have grown up in tandem with industry: they have traditionally been financiers and promoters of—as well as shareholders in—all aspects of Basque industrial development.

This close inter-relationship created a formidable oligarchy whereby as few as 30 large families controlled and dominated every key aspect of the Basque economy—from the financial institutions and insurance companies through to the railways, power generation and supply, steel production, shipbuilding and shipping. Testimony of their enormous accumulated wealth is the suburb of Neguri on the outskirts of Bilbao. The houses of the "Neguri aristocracy" are reminiscent of the Victorian mansions built by north of England industrial magnates.

This control probably reached its zenith in the years before the civil war. Since then it has been diluted by the new wealth created in the boom of the late 1950s and 1960s. It has also been seriously affected by the recession which has hit the Basque economy in the past five years. Nevertheless the boards of Banco de Bilbao and Banco de Vizcaya remain a who's who of Basque business even though the two banks have successfully brought in younger management and new blood.

The oldest of the large banks is Banco de Bilbao, which was founded in 1857 and this month celebrates its 125th anniversary. From a tiny operation founded by 10 shareholders it has become Spain's fourth largest bank with assets of Pta 1,193bn (£6.345bn), capital of Pta 56bn and an industrial arm with assets of Pta 118bn.

Banco de Vizcaya was founded in 1901 and has subsequently become Spain's fifth largest commercial bank. Both banks established separate industrial arms when the banking laws were changed in 1962, encouraging specialisation. Given the traditional trading relationships between the Basque Country and northern Europe, both banks have been among the first to have an international outlook.

In the past five years both have accelerated a process of offloading equity portfolios in industrial holdings, especially in those sectors worst affected by the recession. In this respect Vizcaya has gone much further than Bilbao and claims to have no major industrial assets left.

Balanced

Both banks have also sought to establish a more balanced spread of credits so that their exposure in the Basque Country itself is not disproportionate for a national bank. The same has applied to the deposit base. Figures released by Bilbao reveal that in 1980 the Basque country accounted for only 11 per cent of total deposits compared to 17 per cent in Madrid. However, 41 per cent of the shares remain in Basque hands.

Viczaya and Bilbao are not the only Basque banks. It is important to mention Banco Guipuzcoano with deposits of Ptas 77bn. This San Sebastian-based commercial bank retains its separate and regional identity but is effectively part of the Banesto group—the country's largest. Banesto has a controlling stake and the Banesto chairman, Sr Jose Maria Aquirre, is also Guipuzcoano chairman.

Banesto also controls the Vitoria-based Banco de Vitoria with deposits of Ptas 13bn. Apart from these Banesto controlled banks, there is no regional commercial bank now left. However, a group of Basque industrialists still control the small industrial bank, Industrial Guipuzcoano, based in San Sebastian.

There are no published figures for the share each commercial bank has of business in the Basque Country. However, unofficial estimates indicate that Bilbao has about 22 per cent followed by Vizcaya with 19 per cent and Banco Hispano-Americano (which traditionally has had strong Basque participation in its capital and board) with 16 per cent. The other big national banks have relatively small shares. Banesto for instance has little more than 2 per cent, it is thought. Through Guipuzcoano and Vitoria this however rises to almost 14 per cent. Central, Spain's second biggest bank, has around 6 per cent. Significantly the big banks have shied away from a major effort in the Basque Country since the mid-70s. An exception has been Banco de Santander which is now believed to hold around 8 per cent of the market.

Private banks as a whole play a lesser role in the Basque Country than they do anywhere else in Spain. They account for around 66 per cent of the total Spanish banking system deposits and the remainder is shared by the cajas. In the case of the Basque Country the cajas' share of deposits rises to almost 46 per cent, with a further 5 per cent being taken up by credit co-operatives.

The explanation for this would appear to be that Basques have greater faith in a local savings institution over which they feel there is more local control than in a bank controlled by interests outside the region. There are two cajas in each of the three provinces controlled by the Basque Government.

These six Government-controlled cajas however are federated with the Navarre cajas and act as a joint federation with a newly created central office in Vitoria. They are enormously confident of their capacity to compete with the banks. Traditionally their role has been one of obtaining savings which are then used largely in state directed investments—the so called privileged circuits of the Spanish banking system—and to a lesser extent in "free" or non-state direct credits. The proportion of state directed investment is gradually declining and now stands at 55 per cent of total credits, 32 per cent goes to long term housing finance in what amounts to mortgages. Industry absorbs nearly 13 per cent of the rest.

Attempts have been made since 1977 to liberalise the activities of the cajas in Spain. A further major change followed democratic elections to the municipalities in 1979. Since municipalities and county councils have the right to nominate board members, the elections resulted in board changes that have created an even firmer Basque identity.

This in turn has put at the Basque Government's disposal a formidable source of liquidity—the Basque cajas are highly liquid. These funds, cheaply obtained, can also be lent at relatively cheap rates. At the same time legislation has permitted the cajas to consider, as part of their obligatory or state-directed investment, credits for certain public sector activities in the Basque country.

More funds gathered in the Basque country are therefore being channelled back into the region. Significantly in the first full year of the Basque Government's operations, in 1980, the cajas' activity in the public sector in the region rose from under 4 per cent to nearly 7 per cent.

The cajas have latterly seen their resources growing faster than have the private banks. This would seem to indicate that in the Basque Country, at least during a recession, there is a greater propensity to save. Last year the private banks saw their deposits grow 16 per cent, while those of the cajas jumped almost 23 per cent.

Application

Backed by their solid reputation the Basque cajas have begun to look eagerly abroad, convinced that, if permitted to operate, they can mop up funds from the Basque emigré communities in Europe and Latin America.

An application by the Caja Municipal de Bilbao to open a branch in London and another by the Caja Provincial de Guipuzcoa to open in Bayonne were made earlier this year to the Bank of Spain. The requests were refused. The Bank of Spain is unwilling to open this avenue and so let the cajas "poach" on the ground of the private banks.

Suggestions that the Basque cajas merge to consolidate are at present discounted. But they are trying to co-ordinate their activities more closely and define their optimum size. For instance they are considering a policy of collective investment in large projects. They have also decided to create a money broking company, permitted under recent Bank of Spain legislation. They argue this makes sense if they are substantial lenders of funds in the inter-bank market.

The cajas have also taken shares in a Basque credit guarantee fund. Meanwhile they are studying means of adopting a collective approach to pensions and such things as information on small and medium companies.

Robert Graham

BASQUE DEPOSITS — SHARE OF THE MARKET

	1980 Ptas bn	1980 Market share %	1981 Ptas bn	1981 Market share %	%
Private banks	535	50.49	620	49.08	15.92
Savings banks	473	44.65	579	45.87	22.52
Credit co-operatives	51	4.85	63	5.05	24.09
TOTAL	1,059	100	1,263	100	19.27

Source: Federacion de Cajas Vasco-Navarra (includes Navarre).

Companies get together to ease the strain

MEDIUM INDUSTRIES

THE USUAL image of Basque industry is distorted by the concentration of heavy industry, sagging like moribund dinosaurs along the left bank of Bilbao's ochre-coloured river. Though one-third of the Basque labour force is concentrated in factories with over 500 workers, over 83 cent of all Basque industrial concerns employ less than 50.

These small concerns provide about 15 per cent of all jobs, though the rate of attrition inflicted by the current crisis has been high: an average of five companies a day were going into receivership in Vizcaya during the first half of last year.

In between the two groups are the medium-sized concerns which employ just over half of all labour and which have given the Basque economy unsuspected resilience during the last seven years. However, the structure of these enterprises has come under growing strain, fundamentally through:

● the sharp fall in demand in the traditional domestic market coupled with increased competition in more demanding foreign markets;
● much higher financial, energy and labour costs;
● more difficult access to credit along with a lessening ability to generate their own resources.

Vacuum

A typical example would be, say, a family-owned machine tool firm, employing some 50-75 people. It would traditionally have relied on the home market, with occasional excursions abroad, particularly to nearby France. Now, its overheads would have more than doubled, its access to credit would very likely depend on the mortgaging of a family property and, faced with the need to sell ever higher portions of its wares abroad, it has neither the resources nor the expertise to follow the rhythm of technological change and the demands of foreign markets. But in federation with similar companies it might.

This is one of the solutions being canvassed by Basque small to medium-sized employers to fill the "structural vacuum" in their companies. ADEGUI, the employers' organisation in the province of Guipuzcoa, which has some 1,200 medium-sized enterprises, argues that "some of the risks should be spread, but without collectivising." The object would be to generate more resources and achieve significant economies of scale, particularly in the key areas of R&D and marketing. Sr Jesus Alberdi, secretary-general of ADEGUI, also points out that such loose groupings would offer the possibility of relocating otherwise redundant workers within the group.

The Arteche group of companies, makers of electricity generation, transmission and distribution equipment at Munguia, 14km from Bilbao, offer a useful example of some of these lessons and others besides.

The first company in the group, Electrotechnica Arteche Hermanos SA (EAHSA), was founded as a family firm in 1946, making medium and high voltage transformers under licence to the Belgian Usines Balteau, which also took a 25 per cent stake in the enterprise. When in 1961 there was a perceived need to develop further into protective and relay systems, a new concern, Arteche Instrumentos y Sistemas Electronicos (AISE) was set up, operating this time under licence to ICE of Paris, which also took a 25 per cent share.

The group's industrial spectrum was extended further in 1965 with the acquisition of an old steels firm, Industrias Luke SA (ILSA), converted to making low voltage transformers and transmission equipment. This less sophisticated range was developed with the group's own technology from the start. When the group's technological expertise had further developed—over the years it had consistently spent an average 7-8 per cent of its resources on R and D—the next stage was to buy out its licensors, in AISE in 1971 and in EAHSA in 1973.

The three companies were now free to begin serious development of their own technology and to search for export markets. In this respect, from an export base of barely 1 per cent in 1974, the Arteche group earned more than a quarter of last year's turnover of Pta 1.87bn abroad, mainly in Europe and Latin America.

Its capital base and labour force were regularly built up: its total capital and reserves now stand at Pta 669m (EAHSA accounts for Pta 550m of this) and it currently employs 525 people. It also relied to a high degree on self-financing, keeping indebtedness within manageable bounds, so that it was not badly affected by the rise in interest rates of the past three years.

Positive

Yet when the squeeze came, it still made small losses—of Pta 58m in 1979 and Pta 25m in 1980, though showing a positive cash-flow in both years. The reasons were not hard to find. Though a group, the three main units were functioning as separate companies, duplicating jobs and doubling up on marketing efforts and even research. A decision was taken, effective from the beginning of 1981, to set up a centralised commercial company for the group, Arteche Comercial SA (ARTCO).

With a staff of 45 and representatives and delegates throughout Spain and abroad, ARTCO sells for the whole group, charging a commission to cover its costs. On the back of this, a joint group board was set up, to co-ordinate planning, research, finances, supplies and quality control. Another measure was to tighten up on accounting practices, where, for example, there had previously been a tendency to lump work-in-progress in with year-end turnover, the cumulative effect of which doubtless made its mark in the 1979-80 results, coinciding with the introduction of the change.

The results in 1981 were encouraging. Total sales rose from Pta 1.45bn to Pta 1.87bn, turning in a profit of Pta 26m, with a positive cash flow of Pta 154m. The immediate cost has been the shedding of 60 jobs, all, the group says, through voluntary redundancies.

The group expects turnover this year to rise to Pta 2.1bn. Gearing up towards EEC entry, it is currently carrying out a review of its products on the basis of added value, technological competitiveness and range. For the moment it intends to maintain, and perfect, its range of products, even when some are not in themselves profitable, believing that in its market, marginal price differences matter less than the combination of offering a complete range of quality, and the reputation of the manufacturer.

A further avenue it is exploring is the marketing of its own licences abroad. It is already involved in setting up a plant in Venezuela, and is at the talks stage with concerns in Canada and Mexico.

The Basque Government has taken a major hand, setting up separate entities for industrial development and restructuring, to channel soft credits and monitor their uses. "Reciprocal Guarantee Societies" have been set up by employers' organisations to stand guarantor for longer-term bank credits; Adegui's society, Elkargi, has already underwritten Pta 1.5bn in loans to its members. A good deal of criticism is directed by small- to medium-sized employers at the banks for their conservatism in analysing risks, favouring short-term finance and tending to look more at, for example, disposable assets than the intrinsic merits of a given project and the track record of the company proposing it.

David Gardner

GDP drops 14.5 per cent in four years

Government predicts that the worst is over

ECONOMY

THE BASQUE economy, which along with the Catalan economy has traditionally been the most advanced in Spain, is just beginning to emerge from what arguably has been the worst crisis in its history.

The depth of the recession in the Basque Country is attributable to the structural imbalance of an economy heavily weighted towards steelmaking, capital goods production and shipbuilding on the one hand, and the plethora of companies too small to be viable (some 8,500 Basque concerns employ less than 20 workers each) at the other extreme.

The more solid middle area of medium-sized industries, accounting for around half of total industrial output, has been more resilient, though it too has had to take its share of the more conventional knocks of recession, particularly in the electronics, electrodomestic, intermediate capital goods and light engineering sectors.

According to recent Banco de Bilbao figures, the Basque contribution to Spain's GDP fell from 9.34 per cent in 1973 to 7.85 per cent in 1979. Basque GDP itself has dropped 14.5 per cent in the past four years, including 2 per cent last year against Spanish growth of around 1 per cent.

Receiver

Long a net receiver of immigrant labour, the Basque Country is now seeing a small outflow of population. Unemployment, the reason behind this, stood officially at 16.9 per cent at the end of 1981, against 14.6 per cent for the whole of Spain; one unofficial study puts the number of real jobless at 22.9 per cent.

Be that as it may, it is officially acknowledged that 110,000 jobs have gone in the last five years; the Banco de Bilbao calculates that 35 per cent of the jobs created in the 1960-73 boom have disappeared.

1980 figures show electricity consumption in the Basque Country to have dropped 3.2 per cent, against an overall rise in Spain of 4.1 per cent; steel consumption to have dropped 5 per cent (up 8.3 per cent in Spain); and cement consumption to have plummeted 18 per cent, against a 5 per cent drop throughout Spain.

Nevertheless, both the Basque Government and business reckon that the bottom of the trough has been reached; 1982 will be "the year of inflection" for the Basque economy, according to Sr Pedro Luis Uriarte, the autonomous Government's economy minister. The Government itself, which now enjoys considerable intervention powers, foresees for itself a key role in relaunching the economy.

Of its Pta 67bn budget for 1982, Pta 23.5bn is earmarked for public investment — proportionally more than three times the amount before fiscal autonomy was achieved last year. Some Pta 5.3bn of this will this year go on roads and motorways as part of a major plan to develop an integrated road system. The renovated system will increase the Basque Country's attraction as a trading crossroads, providing better communications for existing industry and new industrial sites and above all by linking up with the development of Bilbao's port, one of the region's few natural resources.

Plans to develop a "superport" on the exterior of the existing docks still await decisions and finance of an estimated Pta 70bn to Pta 100bn from Madrid; in the meantime, work is going ahead on the Termanel coal and bulk cargo depot inside one of the two outer breakwaters already built, at a cost of Pta 7bn borne by a consortium led by Petronor, the refining concern.

Petronor, 34 per cent owned by Pemex, the Mexican State oil company, is also going ahead with a Pta 40bn new petrochemical plant. Other substantial investments include a planned total of Pta 60bn to develop the new gas finds — estimated at some 10m tpe — off the coast from Bermeo.

More in the mainstream of Basque industry, nearly Pta 40bn in new funds is being poured into the troubled integrated steel producer AHV, as part of a national restructuring plan, while for example, the Mondragon group of co-operatives plan Pta 52bn investment in the coming five years.

The autonomous Government is directing its major effort at medium-sized industries, aiming to promote more cost-efficient integration to subsidise new jobs (at up to $3,750 each) and industries. It has set up a separate entity, with funds of Pta 2bn and Government underwritten lines of credit where necessary, to co-ordinate this process of restructuring and expansion.

Significantly whereas 80 per cent of its industry funds last year went towards refloating companies in difficulties and only 20 per cent to new investments, the planned proportions for this year are 40 and 60 per cent respectively. It is also backing ambitious energy-saving and anti-pollution projects.

Control

A significant part of the Government's medium-term effort is going into subsidising R & D in the private sector and financing applied research centres. It has set aside Pta 633m for the latter this year and is complaining bitterly that Madrid has broken both the spirit and the letter of the autonomy statute by not handing over control of research.

The statute is quite clear on the issue placing research under the "exclusive" jurisdiction of the Basque Government. Sr Pedro Etxenike, the Basque education minister, points out that in 1980, of the Pta 40bn spent by the central government on research, the Basque Country got precisely Pta 111m.

In terms of the 6.24 per cent portion of the Spanish budget that Basque taxes are obliged to cover for those functions that remain centralised on Madrid, the autonomous Government should, Sr Etxenike says, have been entitled to Pta 2.6bn had jurisdiction been devolved as it should have been.

Considerable effort is being deployed to improve export performance. The Government has set aside Pta 1.4bn for medium-sized firms to develop their marketing potential. The Bilbao Chamber of Commerce, copying an idea from Manchester's chamber of commerce, has set up a sub-contracting exchange to enable companies jointly to compete for complete orders otherwise beyond their individual product range.

In the private sector, a trade promotion association called BaskExport has grouped the most dynamic sectors of the Basque economy. Apart from trade, it aims to promote turnkey deals; joint ventures both at home and abroad and export credit.

The Basque Government plans to develop a range of incentives to attract foreign investors, looking particularly towards companies which would provide technological innovation, are export-oriented and would complement and extend the range of Basque industry. At the same time, it is worried that it may come badly out of Spain's EEC negotiations, particularly if, as expected, Spain has to make concessions to protect its agricultural base. Vitoria has set up a special commission to monitor the negotiations, which will also act as a lobby for Basque interests.

The subject of violence inevitably comes into any consideration of the Basque economy. There is no evidence that it is a major influence on the economy: when Basques haven't invested, nor have Spaniards or Catalans, and for straightforward economic reasons.

ETA's so-called "revolutionary tax"—which extorts perhaps some Pta 600m from (again perhaps) about a thousand, mainly middle-range industrialists and professional people—is seen primarily as a cause of demoralisation. It is likely that it inhibits the possible expansion plans of some family-owned companies where capital is highly personalised. Otherwise the "tax" is a political rather than an economic issue.

Substantial

A foreign company did, however, decide to postpone a planned investment in the Basque Country following last month's murder of Sr Angel Pascual, the chief engineer at Lemoniz, according to a senior Basque minister. This is not to be confused with the U.S. glass producer Guardian Industries' decision to withdraw from a deal with Vidrieras de Llodio (Villosa) where it would have bought an approximately two-thirds stake in the Basque company for $40m. Guardian withdrew after reassessing the company and deciding the price was too high.

Guardian's intention to commit a substantial sum of money to the region was watched with great interest at the time. For there is near consensus among Basque businessmen that their economy needs to be "internationalised" to ensure its long-term survival.

In terms of native resources, the paths forward most commonly pointed out lie in the marriage of the two traditions of electronics and mechanical engineering, and possibly, in converting Basque shipyards for defence purposes, bringing together Basque experience as shipbuilders and armourers.

David Gardner

Autonomous Government spends half its budget on education and culture

Nationalists bid to recover their language

CULTURE

IN THE Basque language, euskera, there is no word for "a Basque," or the Basque Country. A Basque in euskera is an euskaldun—someone who speaks Basque; while the Basque Country, the country which exists beyond circumstantial political arrangments, is classically Euskal Herria—the people who speak Basque.

This curious symbiosis of a people with its language is very striking to foreigners and Spaniards, the more so given the gradual retreat of the Basque native tongue over the past two centuries. But it certainly helps explain why exactly half the Pta 67bn budget of the autonomous Basque Government of Vitoria is spent on education and culture and why nationalists of all stripes—though frequently from opposing positions—are so determined to recover their language and their cultural heritage, which Franco tried to wipe off the Iberian map.

Primitive

The scorched earth policy practised by Franco on the Basques was only the last and most culturally inhibiting factor in a chain which begins with the Basques themselves. The Basque industrial bourgeoisie of the early 19th century regarded euskera as a rustic and primitive tongue and relegated it back to the arable valleys and mountain pastures where they had carried out their, no doubt primitive, capital accumulation.

As the century wore on, they looked more to Paris, London and Madrid, while the three Carlist Wars of the century forced tens of thousands of Basque speakers into exile, primarily in the Americas.

This was in sharp contrast to Catalonia, a long-established mercantile, rather than agrarian society, with a rich literary/tradition (the Basque tradition is predominantly oral), where Catalan has always been the language of the bourgeoisie.

With the second wave of industrialisation at the beginning of the century, and with the boom of the 60s and early 70s, the Basque Country became a magnet for emigrant workers from the depressed southern countryside. Basque speakers became a minority, and under Franco, a persecuted minority.

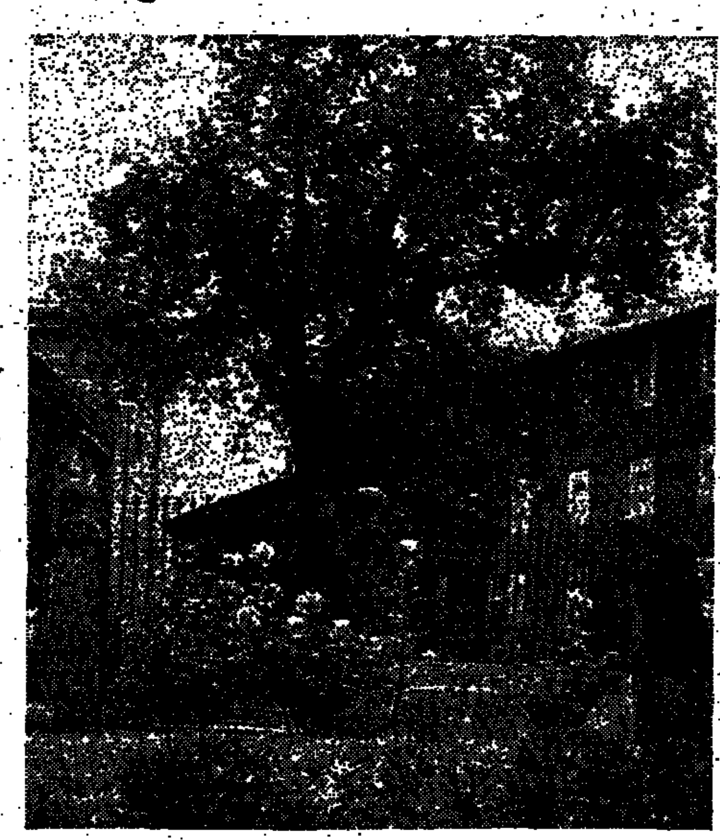
This situation has begun to turn round in the last 15 years, which has seen a flowering of national consciousness, largely as a result of the Basque struggle against Franco (indeed a few hundred Basques took the opportunity to learn Basque in gaol). The spread of the language over the past 10 years has been remarkable; about a quarter of the population speak Basque as a first language and with new Basque speakers (euskaldunberris, literally), this figure rises to a third.

However, less than a tenth of these, some 70,000, can write Basque. The Basque Government has therefore distributed its efforts between promoting euskera in the schools and night-classes for the "re-euskaldunisation" of adults.

The education department looks after the schools with a budget of Pta 30.7bn, while the culture department, with a budget of Pta 2.8bn, handles adult education.

In the state system, children with Basque as a first language are taught entirely in euskera and study Castillian for seven hours a week; with native Castillian speakers, the reverse is the case: they study Basque for seven hours a week.

Sr Pedro Etxenike, the education minister, does not present this as an immutable model, but points out that he simply can't keep up with demand. Only 18.5 per cent (1,523) teachers in the state system are native Basque speakers, though 2,000 more are currently being trained.



The historic Tree of Guernica — the enduring symbol of Basque national consciousness, where historically Spanish monarchs swore to preserve and respect Basque national rights. The tree survived Hitler's bombs in 1937, the event which inspired Picasso's famous "Guernica"

The culture department has 20,000 adults currently in its night classes and faces the same problem of overstretched resources. It, however, has a further 1,500 university graduates in 3 month/500 hours intensive courses which Sr Ramon Labayen, the Culture Minister, frankly admits are aimed at the country's elite—"those who will take charge tomorrow."

Both departments have come under increasing fire from the radical nationalists for this elitism. Education, for example, subsidised private education to the tune of Pta 4.3bn last year, against Pta 2.47bn for the ikastolas, Basque language schools which grew up as a popular movement in the twilight of the Franco regime.

Similarly, the populist inspired AEK movement, which last month mobilised tens of thousands of people around the country on sponsored runs to whip up enthusiasm for the language, has come into sharp conflict with both departments. "They mobilise, we teach," is the Government's answer.

This ignores the political dimension of the problem and also the large number of teachers, possibly a majority, sympathetic to radical nationalism.

The Government believes that its decisive weapon, however, is television and broadcasting. Sr Labayen's department has spent Pta 1.9bn this year and last setting up Basque TV, with German technical advisers and an initial staff of 120. Madrid promised a third channel for the autonomous territories two years ago but has done nothing. The Basque project is based on the fourth channel—as foreseen in Article 19 of the statute of autonomy—and Sr Labayen says it will be going on the air in January with or without the central Government's allocation of transmission frequencies.

D. G.

Profile: Carlos Garaikoetxea

President on a tightrope

By Robert Graham


Sr Garaikoetxea—critics on both sides

AS HEAD of the Basque Government and leader of the Basque National Party, Sr Carlos Garaikoetxea, has been treading a tightrope. From within the Basque Country he has had to cope with continuous demands for more—and greater—independence from Madrid. At the same time the Spanish Government has been increasingly restrictive in interpreting the terms of the Basque autonomy statute approved in July 1979.

"He's got critics on both sides," says one Basque colleague. "He is expected to deliver the goods with as yet very limited powers but, in Madrid, whenever he tries to do this he is suspected of undermining the unity of the Spanish state."

That Sr Garaikoetxea (pronounced Garaecochea) has managed to carry off a balancing act is a tribute to his tact, charm and negotiating skills.

Politicised

Sr Garaikoetxea was born in Pamplona, capital of Navarre, the fourth Basque province, and it was hard for anyone growing up in the Basque Country in the Franco era not to become politicised. Sr Garaikoetxea tells visitors of how he was made to eat an "ikurrina"—the green, red and white Basque flag—by members of the security forces.

However, he was relatively late to enter active politics. His initial background was in business. He was managing director of Eaton Iberia and later President of the Navarre Chamber of Commerce. Between 1972 and 1974 Pamplona was the scene of bitter labour unrest and his role on the side of the employers, who petitioned the Carrero Blanco Government for tough police action, is still resented by radical elements in the Basque Country. This said, he represents the liberal wing within the conservative and Catholic-orientated Basque Nationalist Party, PNV.

From comparative obscurity within the PNV, Sr Garaikoetxea was elected to the presidency in March 1977. The fact that he was a native of Navarre, whose incorporation into the Basque autonomous region was—and still is—strongly resisted by part of the population, played a part in his choice. But also his personability and age—he is now 43—were very much in tune with Spain's new democratic image. Indeed his good looks and elegant dress (he is often teased for his Anglophilia, having his suits made in England) gave the initial impression of a lightweight, controlled by more determined and powerful figures within the PNV.

But he gave the lie to this impression by the way in which he personally wound up the arduous negotiations for the Basque autonomy statute. It was he alone, in marathon sessions with the then prime minister Sr Adolfo Suarez, who put the finishing touches to all contentious issues. This gave him considerable moral authority and fully established him as the "Lendkari" or leader.

The agreement was probably only possible in July 1979 because the two men established a degree of trust and empathy. This same empathy and trust does not exist with the new prime minister, Sr Leopoldo Calvo Sotelo.

Sr Garaikoetxea takes a philosophical view of the differences that have given the Basques such a separate identity and still create constant friction with madrid. He is proud that, despite limitations, the Basque Country has regained in the past 18 months important aspects of autonomy and its own identity. He himself has always been especially keen on promoting the Basque language, now taught in all primary schools.

Radicals command a third of the Basque votes

Nationalism - the key factor

POLITICS

WHEN FRANCO died in November 1975, there were 632 Basque political prisoners serving a total of 3,500 years—an average of over 12 hours per Basque inhabitant against an average of 25 minutes per inhabitant in the rest of Spain.

That fact alone would set the Basque Country apart from the rest of Spain. The book in which it is published—"The Spaniards who ceased to be so: Euzkadi, 1937-81," by Gregorio Moran—is a brave attempt by a Spaniard to explain to other Spaniards how 40 years of Francoism shoved the Basques back into a spiral of separate development. As if to confirm its own basic theses, the book is selling quite well in the Basque Country but hardly at all in the rest of Spain.

After Franco's death, the vigour with which the Basque people pursued their demands—particularly the call for an amnesty for political prisoners—struck a chord in the rest of Spain. The amnesty issue brought millions into the streets of Spain. Between December 1974 and May 1977, there were 16 general strikes around the issue in the Basque Country, all of them either initiated by the far and nationalist Left or in response to Government repression, which during this period claimed over 40 Basque lives. The most successful of these strikes spilled over into the rest of Spain, fuelling the forces of ruptura—calling for a "democratic break" with the old regime—at that time the official policy of a majority of the opposition.

The dynamics of Basque and Spanish politics began decisively to diverge following the last of these strikes in May 1977, five weeks before the historic general elections in June of that year.

The strike lasted in the Basque Country for almost a week, during which the paramilitary police shot dead five people. It again started to spread into the rest of the country, threatening the elections themselves. But at the decisive moment the Spanish Communist Party made its official television debut—calling off the strike—and the danger was averted. The mainstream Spanish parties discarded ruptura and instead embraced Sr Adolfo Suarez's reforma—the strategy of reforming the regime while leaving key pillars of Francoism, such as the armed forces, the judiciary, and broadcasting, in place.

The Basques went their separate way, out of step with the rest of the state. When the reforma was consummated by the referendum on the new Spanish constitution in December 1978, the Basques again stood out, rejecting the constitution by an overall majority.

A political solution was found in June 1979 with the Statute of Guernica, the home-rule statute drawn up by the moderate Basque parties and finally clinched in marathon personal negotiations between Sr Suarez, the then Spanish Prime Minister, and Sr Carlos Garaikoetxea, the current Basque President. The Basques approved the statute in a referendum that autumn, on the strong recommendation of the historically mainstream party of Basque nationalism, the Partido Nacionalista Vasco (PNV), and elected a parliament the following March.

Coalition

Nationalist parties took over two-thirds of the vote and 45 of the seats in the 60-member Basque assembly. The PNV, with over a third of the vote, took 27 seats; Herri Batasuna (Popular Unity), a radical nationalist coalition which shares the aims of ETA's military wing (ETAm) came second with around 20 per cent and 11 seats; a third nationalist formation, Euzkadiko Ezkerra (Basque Left), spawned in 1977 by ETA's politico-military wing (ETApm), came fourth with seven seats on some 10 per cent of the vote. The only Spanish party to get a look-in were the Socialists (PSOE), with some 15 per cent of the votes and nine seats.

The PNV is the only paid-up member of the Christian Democratic International in Spain. It is also, with the exception of its radical nationalist offspring, the only genuine mass party left in Spain. This is true not only in the sense that it can turn out up to 200,000 for a rally or demonstration at the drop of a hat, but in that it is a highly cohesive, multi-class force with a large working-class rank-and-file. Ideologically, it is an amalgam of Christian Democrats, social democrats, liberals and simple technocrats—all held together by a commitment to nationalism.

Indeed the PNV is so well established that it is frequently criticised for seeking to monopolise Basque social, political and economic life. A leading Basque journalist, paraphrasing Gramsci, described the PNV as a "political party constituted as civil society." And while some of its achievements, particularly in the economy, have been impressive, it governs without seeking legislative consensus on matters which many Basques regard as of national interest.

The PNV faces its main domestic challenge from Herri Batasuna (HB), ETAm, and a weaker, but often more trenchant challenge from Euzkadiko Ezkerra.

Euzkadiko Ezkerra has evolved into a considerable force for stability since opting for the Statue of Guernica and home-rule rather than independence in 1977. In the lead up to negotiations on the statute that summer, ETApm launched a bombing campaign across Spain's coastal resorts. Euzkadiko Ezkerra's apparent ability to deliver a ceasefire in exchange for a generous grant of autonomy unquestionably strengthened the PNV's negotiating hand.

Euzkadiko Ezkerra has been strengthened by a merger with the majority of the Basque Communist Party, after which it formally renounced insurrection and stressed its willingness to defend the Spanish constitution. Its invariable theme is the need to normalise Basque Society—to erradicate violence and consolidate autonomy—so that the real business of politics can be got on with.

Rather than strictly nationalist, it has become more of a "new Left" formation which responds to the fact of nation. In its new form, it will very likely increase its share of the vote in future elections.

The Herri Batasuna/ETAm tandem, with its intransigent defence of a ruptura which in the Basque case would include the right to self-determination, a new amnesty, the reincorporation of Navarre, and the withdrawal of Spanish military and paramilitary forces from Euzkadi, remains the real challenge however.

ETA in its distinct forms has existed for nearly a quarter of a century and suffered nine splits, usually along the nationalist/socialist, armed struggle/political action demarcation lines.

Herri Batasuna has "resolved" these dichotomies by refusing to address them squarely, as some of its leaders will privately admit.

ETA's success in halting work on the Lemoniz nuclear power plant has prompted the PNV into polarising the issue into a test of either loyalty to Basque autonomous institutions or support for terrorism. That is no doubt what ETA wanted.

Premature

ETAm is well-armed and well financed and a force to be reckoned with, despite the Spanish Interior Ministry's frequent and premature announcements of its demise. But the decisive factor is that it has the active support of some 200,000 followers.

The PNV believes that it has managed to insulate its own constituency, which frequently overlapped with ETA's, from the radical contagion by the persistent denunciation of violence. This has had its effect in making ETA more careful in its use of terror.

But that does not crack the nut of the 200,000 rupturistas of Herri Batasuna, particularly when, as one Basque leader put it, Madrid "takes it upon itself so frequently to prove them (HB) right."

The main legal instrument to roll back home-rule is the LOAPA, or law to "harmonise the autonomies," currently before the Madrid parliament. Its most salient features are to abolish all "exclusive" Basque jurisdiction and make Basque legislation subject to Madrid, leaving the Basque parliament as an empty shell.

The PNV believes that a deal might be possible with a future Socialist Government. In this view, the Socialists, joint sponsors of the LOAPA with the UCD, want the law through quickly so as to incur a minimum of nationalist opprobrium and so as to be able to trade back the powers that the law abolishes in return for future PNV support in parliament.

Now while that has to be seen as an advance on the current impasse, in practice it simply puts Basque politics back to where they were nine months ago—not the best advertisement for a Basque Government struggling to establish its credibility with all Basques.

David Gardner

Moderates hope for gradual integration

The disputed province

NAVARRE

THE 1936-39 Spanish Civil War was also a civil war between Basques, the most lingering result of which is the still anomalous status of Navarre, the disputed, fourth Basque province. During the Civil War, the powerful and traditionalist Carlist sector of the Navarrese population fought with Franco, while most of the rest of the Basque Country sided with the Republic.

Navarre was rewarded with considerable autonomy, centred on a powerful provincial government, the Diputacion Foral. The Diputacion's fiscal autonomy and control of credit allowed it to invest heavily and attract industry into what was predominantly an agricultural area—one in six Navarrans still work on the land—through a variety of tax and investment concessions. The results are evident in the dense industrial belt that rings Pamplona, the provincial capital.

This structural transformation contributed heavily to a radical change in the province's political character. It tied the province more closely into the Basque economy and at the same time fomented a high degree of labour radicalisation that easily found sympathy among other Basques. The 1972 and 1973 general strikes in Pamplona were among the most virulent challenges to be faced by the Franco regime, which put them down by force.

Since Franco's death, elections have confirmed this residual radicalism. In the 1976 factory council elections, Navarre was the only province in Spain not to return majorities from the Communist-led Workers Commissions and Socialist UGT (then largely controlled by Trotskyists anyway), instead voting for a now defunct Maoist union. In the municipal elections of 1979, Herri Batasuna (Popular Unity), the radical nationalist movement which shares the strategy of ETA's military wing, failed to elect their candidate mayor of Pamplona by a whisker.

Separate

The vested interests grouped round the old Diputacion Foral machine were meanwhile taken on board electorally by the ruling UCD, which acceded to their demands to keep Navarre separate from the emerging Basque autonomous territory by a series of effective filibusters.

These interests have since gone through various transformations on their way to their real political home, in the neo-Francoist Alianza Popular party.

The Socialists, particularly since last year's abortive coup, have acquiesced in this policy, which earlier this year was formally consecrated by an "organic law" effectively constituting Navarre as a separate autonomous territory.

There for the moment the situation rests, dangerously polarised and likely to blow up at any minute.

But no Basque nationalist, moderate or radical, will renounce Navarre. For the radicals it is an article of faith. It is no less cardinal for the ruling PNV—Sr Garaikoetxea, the Basque President, is himself from Navarre.

The moderate PNV hopes, however, that integration can take place gradualy by convergence, on the basis of mutual interest and trust, possibly taking the form of confederation, at least initially. Building on existing economic integration plays a key part in this strategy—there are plans for example to extend the motorway south of San Sebastian to meet the motorway which ends just north of Pamplona, now used by 7 per cent of the traffic passing through Navarre though built at a cost of Ptz 18bn.

The motorway extension plan underlines two simple facts: that Navarre is too small economicaly to make a go of autonomy alone; and that any future it has lies in exploiting its position as the Basque Country's natural hinterland.

D.G.

TELEVISION

BBC 1

6.40-7.55 am Open Univesrity (Ultra High Frequency only). 9.05 For Schools, Colleges. 1.00 pm News. 1.27 Regional News for England (except London). 1.30 Chock-a-Block. 2.00 You and Me. 2.15 For Schools, Colleges. 3.00 International Tennis. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Drak Pack. 4.40 The Littlest Hobo. 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.

6.00 Regional News Magazines.

6.25 Nationwide.

6.50 World Show Jumping Championships

7.20 Tomorrow's World

8.00 Top of the Pops introduced by Jimmy Savile.

8.30 The Boys of the Old Brigade: The Queen takes the salute at the Chelsea Pensioners march past on their Founder's Day Parade.

9.00 News.

9.25 Oppenheimer: The story of the atom bomb, starring Sam Waterston.

10.25 Question Time chaired by Robin Day.

11.28 News Headlines.

11.30 Dylan Thomas: The story of the writer's early life.

Chris Dunkley: Tonight's Choice

It is one of those too rare days when television can rightly claim to be offering a range of programmes with something for virtually every taste, including material which experience suggests will be of high quality. The day starts early with **The First Test against India at Lord's** on BBC2 for anyone lucky enough to have the daytime free.

In the evening **Tomorrow's World** (BBC1) features "The Prince of Wales Award For Industrial Innovation And Production" which results from Prince Charles's claim on this programme three years ago that the British were good at ideas and bad at turning ideas into products. **Travellers In Time** (BBC2) postponed from last week shows Persia's Bakhtiari tribe trekking to the summer pastures in 1924. **Goliath Awaits** (ITV) sounds like a more than usually far-fetched TV-movie about people surviving 40 years in a sunken liner. Part I is tonight, Part II tomorrow.

One of the competitors on **Call My Bluff** (BBC2) is Robert Burchfield, editor-in-chief of the Oxford Dictionary. Will that signify? Immediately afterwards **Brass Tacks** takes a detailed look at the lives of two boxers, Maurice Hope and Pat Cowdell. At 11.30 BBC1 presents **Dylan Thomas** from their Schools TV department, which so often produces excellent programmes.

BBC 2

6.40-7.55 am Open University.

10.20 Play School.

10.55 Cricket: First Test.

1.35 pm Cricket and Tennis.

6.35 The Great Egg Race.

†7.05 Charlie Chaplin in "The Cure."

7.35 News.

7.40 Travellers in Time.

8.10 Human Brain.

9.00 Call My Bluff.

9.30 Brass Tacks Reports.

10.10 The Old Grey Whistle Test.

10.45 Newsnight.

11.30 Cricket: Test highlights.

LONDON

9.35 am Schools Programmes. 12.00 Gammon and Spinach. 12.10 pm Get Up and Go! 12.30 The Sullivans. 1.00 News, FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 Madge. 3.45 Survival. 4.15 I Gopher You. 4.20 Little House on the Prairie. 5.15 Emmerdale Farm.

5.45 News.

6.00 Thames News with Andrew Gardner, Rita Carter.

6.25 Help!: Community action with Viv Taylor Gee.

6.35 Crossroads.

7.00 Never the Twain starring Donald Sinden, Windsor Davies.

7.30 Family Fortunes.

8.00 Goliath Awaits.

9.30 TV Eye.

10.00 News.

10.45 Middle East—The Longest War.

11.45 Ladies' Man.

12.15 am What the Papers Say.

12.30 Close: Sit Up and Listen with Pam Gems.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.00 Not For Women Only. 3.45 Never the Twain. 4.20 Fangface. 4.45 The Adventures of Black Beauty. 6.00 About Anglia. 7.00 Survival. 7.30 Movie Memories. 11.45 Lou Grant. 12.40 am The Nuclear Challenge.

BORDER

1.20 pm Border News. 3.45 Never the Twain. 4.20 Sport Billy. 4.45 Here's Boomer. 5.15 University Challenge. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 11.45 Bizarre. 12.15 am Border News Summary.

CENTRAL

12.30 pm The Young Doctors. 1.20 Central News. 3.45 Never the Twain. 4.20 Sport Billy. 4.45 Jason of Star Command. 5.15 Arthur C. Clarke's Mysterious World. 6.00 Crossroads. 6.25 Central News. 7.00 Emmerdale Farm. 11.45 Central News. 11.50 Mireille Mathieu Special.

CHANNEL

1.20 pm Channel Lunchtime News. 3.45 Never the Twain. 5.20 Crossroads. 6.00 Channel Report. 6.15 The Incredible Hulk. 7.00 Benson. 10.43 Channel Late News. 11.45 Mannix. 12.40 am News and Weather in French.

GRAMPIAN

1.20 pm North News. 3.45 Never the Twain. 6.00 North Tonight. 6.30 Police News. 7.00 Private Benjamin. 11.45 Cover to Cover. 12.15 am North Headlines.

GRANADA

1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Crown Court. 2.30 Yesterday. 3.45 Never the Twain. 4.20 Spiderman. 4.45 Little House on the Prairie. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.00 Emmerdale Farm. 11.45 What the Papers Say. 12.00 Late Night From Two.

HTV

1.20 pm HTV News. 3.50 Never the Twain. 4.20 Here's Boomer. 4.45 The Flying Kiwi. 5.05 Jobline. 5.15 Benson. 6.00 HTV News. 7.00 Emmerdale Farm. 10.43 HTV News. 11.45 Lou Grant. 12.45 What the Papers Say.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Wales and the Sea. 11.22-11.37 Yr Ei Cynefin. 12.00-12.10 pm Mistar Clei. 4.20 Murphy's Mob. 4.45-5.15 Sêr. 6.00 Y Dydd. 6.15-6.35 Report Wales.

SCOTTISH

1.20 pm Scottish News. 3.45 Never the Twain. 4.20 Jeoglez. 4.50 Sport Billy. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Benson. 7.00 Emmerdale Farm. 11.45 Seachd Laithean. 12.15 am Late Call. 12.20 Barney Miller.

TSW

1.20 pm TSW News Headlines. 3.45 Never the Twain. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South-West. 6.30 Scene South-West. 10.47 TSW Late News. 11.45 Mannix. 12.40 am Postscript.

TVS

1.20 pm TVS News. 2.00 Not For Women Only. 5.15 Watch This Space. 5.30 Coast to Coast. 7.00 Emmerdale Farm. 11.45 Quincy: Cover-up. 12.40 am Company.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 1.20 pm North-East News. 3.45 Never the Twain. 4.20 The Lone Ranger. 4.50 Voyage to the Bottom of the Sea. 5.20 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North-East News. 11.47 Job Slot Extra. 11.50 Check It Out. 12.20 am The Sound of Silence.

ULSTER

1.20 pm Lunchtime. 3.45 Never the Twain. 4.13 Ulster News. 4.20 Palmerstown. 5.15 Jangles. 6.00 Good Evening Ulster. 6.25 Police Six. 7.00 Emmerdale Farm. 11.45 News.

YORKSHIRE

1.20 pm Calendar News. 3.45 Never the Twain. 4.20 Sport Billy. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.45 Crown Green Bowling.

RADIO

(S) Stereo broadcast (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Steve Wright. 11.30 Dave Lee Travis. 2.00 pm Simon Bates. 4.30 Peter Powell. 7.00 Walters' Weekly. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Country Club (S). 9.00 In Celebration of Judy Garland (S). 10.00 The Impressionists. 10.30 Star Sound Extra. 11.07 Brian Matthew with Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Vivaldi (S). 10.00 Tchaikovsky (S). 10.45 Music of Jacobean England (S). 11.25 City of Birmingham Symphony Orchestra (S). 1.00 pm News. 1.05 Manchester Summer Recital (S). 2.00 Der Freischutz (S). 4.35 Chopin and Rachmaninov (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.30 Bandstand (S). 7.00 Handel and Zelenka (S). 8.00 Gulliver's Travels (S). 8.25 Bath Festival 1982, Chamber music and songs: Stravinsky, Dominic Muldowney, Ravel, Stravinsky (S). 10.25 Music in Our Time: Hughes Dufourt, record (S). 11.15-11.18 News.

Medium Wave as VHF except: 10.45 am-5.30 pm Cricket: First Test, England v India.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.0 News. 10.02 As It Happens. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Tornadoes in the East. 11.48 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather; Travel; Programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 News. 4.02 One Man's View. 4.10 Bookshelf. 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme news. 6.00 News, including Financial Report. 6.30 Any Answers? 6.45 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Concert Prelude (S). 7.30 Menuhin conducts the Royal Philharmonic Orchestra, part 1: Schubert, Walton (S). 8.30 Unclouded Blessing. 8.50 Concert, part 2: Elgar (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BUSINESS LAW

Now a company may buy its shares

BY CELIA HAMPTON

THE INSTINCT of commercial man to join forces with his own kind to promote mutual advantage is a surprisingly recent phenomenon. Business life would be inconceivable without the limited liability company. Even consuming man now has more trust in a corporate supplier than in an unincorporated individual. This was not always the case, and the individual's willingness to commit his personal fortune to his business ventures was formerly regarded as an advantage.

The first foundation of the modern company was not laid until 1844 when Gladstone, then President of the Board of Trade, issued a committee report on the "joint stock company." Under the enactment following the report, capitalist and entrepreneur could set up in business together by registration of a body which had a legal identify independent of themselves.

Before this far-sighted action, *some sharing of the risks of* business ventures had been possible through the institution of partnership. Companies, in the sense of the South Sea Company of disastrous repute, had their origins in a quite different function. Set up by charter or Act of Parliament, they were intended to provide a monopolistic control of foreign trade and other public ventures. They were not unlike the modern nationalised companies which are envisaged as protecting the public interest by exercising a state monopoly.

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When this function began to recede, adventurous entrepreneurs acquired the companies for wholly different and often unscrupulous ends. For example, a banking partnership, itself involved in the South Sea Bubble, operated as the "Sword Blade Company," already conveniently chartered to make hollow sword blades. Other less scrupulous entrepreneurs did not even bother to get a chartered company.

In 1720 all this came to an end. Illegal non-chartered companies were condemned as "tending to the common Grievance, Prejudice and Inconvenience of His Majesty's subjects" and were declared void by the "Bubble Act." Although some respectable companies survived, the public understandably lost all interest in subscribing to corporations. The penalties for dealing in their shares, invoked once in 1723, were not needed again until 1808.

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Promotional activity for companies resumed at the turn of the 19th century, and by the 1840s pressure for a common form of legal company had built up. However, it was not until 1855 that limited liability was finally introduced. The public controversy about it was intense. The South Sea Bubble's victims had, by and large, been the investors. A clamorous opposition in the 1850s saw limited liability as a Rogues' Charter designed to exploit the creditors.

Companies have, of course, come a long way since 1855 and company law has, if anything, come even further. Until 1967, a major Companies Act was roughly a 20-year event. The next one came after only nine years, and 1980 and 1981 both saw important companies enactments, largely due to the UK's duty to implement Common Market directives.

Next Tuesday, most of the outstanding parts of the 1981 Act will come into force. From that day, companies will be able to buy their own shares.

By a curious chance, the illegality of this activity was based on a House of Lords case of 1887* and Parliament did not actually enact it as a statutory principle until 1980. The reason for the rule was obvious enough—the maintenance of the value of a company's capital. While you cannot legislate against a company making trading losses, you can stop it paying back its shareholders to the detriment of the creditors. In practice, the rule was unnecessarily rigid and operated particularly to the disadvantage of the small company, possibly in family control, which could not buy out a retiring or deceased member of the company.

The 1981 Act adopts a three-pronged approach to the liberalisation of the rule. First, and subject to many safeguards, companies may buy their own shares. Secondly, they may issue redeemable *equity shares—formerly these* had to be preference shares. Thirdly, the facility for a private company to assist an outsider financially in connection with its own shares or the shares in its holding company is significantly extended.

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The second of these liberalisation measures is relatively minor. The redemption fund set aside by the company to finance the redemption of shares must come from distributable profits or a fresh issue of shares, and any premium payable on redemption must be paid out of distributable profits.

The extent of the first and third measures varies according to whether the company is public or private. A public company may still not buy its own shares out of capital, nor may it, generally speaking, finance a simple acquisition of its shares by an outsider.

A private company, on the other hand, may make a "permissible capital payment" to buy its own shares without making a counter-balancing payment into a reserve. This, in effect, means that the capital may be depleted. Section 54(2) of the Act requires "available profits" and the proceeds of any fresh issue of shares also to be used, but it is not clear whether these possibilities must be exhausted before capital is used. This would seem to be a reasonable interpretation.

The third liberalising measure for private companies has been in force for some months. The company's "net assets" must not be reduced or, if they are, the assistance must come out of distributable profits. In other words, capital cannot be used for this purpose.

These activities require a special resolution of the company and the creditors are further protected by the require*ment on the directors of the* company to make a statutory declaration that "there will be no ground on which their company could then be found to be unable to pay its debts."

The effect of this is by no means obvious. Do those debts include contingent liabilities? If so, it would be difficult for some companies ever to assert that they could cover them. Take the case of an insurance company, for instance. On the date on which the directors had to make the declaration, would they have to assume that every life-assured will die, or that every house will be burgled or destroyed by fire? The penalties for making a false declaration are severe, but will a director ever dare to make a declaration at all?

* *Trevor V. Whitworth (1887) 12 App Case 409.*

RACING

BY DOMINIC WIGAN

IT IS not often that Bill Watts, a trainer at Richmond, Yorkshire, sends horses to Newbury. *He must be hopeful of his one* representative there today, Navarino Bay, landing the Kingsclere Stakes.

A twice-raced filly by Averof out of the Firestreak mare, Black Fire, Navarino Bay made short work of of a 7-4-on opponent, Al Washl, at Newcastle a month ago, before failing narrowly to concede 7 lbs to Fair Heroine at Ayr towards the end of the month.

Although beaten on merit on the Scottish course, Navarino Bay was rallying to such effect over the fifth and final furlong that she could easily win over six furlongs this afternoon.

Of her eight opponents, Bright Crocus must be the pick. On her sole appearance to date, this Warren Place filly could hardly have been unluckier in defeat at Windsor. Had Piggott not taken things too easily there—and looked over the wrong shoulder—Bright Crocus would have comfortably held off Henry's Secret.

In the other big race on what is always an interesting card, the Newbury Summer Cup, that consistent performer Valentinian will try to concede upwards of 18 lbs to seven rivals, which include the remarkable veteran, Le Soleil. Valentinian ran a sound race to finish fourth behind Karadar and Keelby Kavelier, which finished the Middlegate Handicap at York in a dead-heat, on his seasonal debut and I do not oppose him.

A more attractive bet is his stable companion, Work Mate, in the Childrey Maiden Stakes Last time out, at Salisbury, according to Raceform Notebook, "he suddenly took hold of the bit approaching the final furlong and tore through the field hand over fist. He is getting fitter and learning too."

NEWBURY

3.00—Valentinian
3.30—Navarino Bay ***
4.40—Balanchine
4.30—Work Mate **
5.00—Inversale *

BEVERLEY

3.15—Domynsky
3.45—Don Presto

Why Surf stopped soft-soaping women

David Churchill looks at how a detergent maker got in a lather about sexist advertising

SELLING soap-powders on television is a classic case of how the advertising industry often adopts a condescending attitude towards women — an attitude that has come in for sharp criticism recently in two separate reports* from the Equal Opportunities Commission and the Advertising Standards Authority.

The EOC, for example, complained that much advertising used "outdated stereotypes designed to keep women in their place . . . the bed and the kitchen."

Most detergent commercials amply illustrate this point, deliberately presenting the "little woman at home" clichéd picture of a housewife. Traditionally, such commercials have adopted two main formats: either the hard sell "demonstration" commercials with their patronising male personality advising the housewife how to get the best out of her wash; or the pert little actress —portraying a "typical" housewife—who professes with some amazement that her brand of detergent washes whitest.

Yet as both the EOC and ASA studies clearly implied, there is a growing body of opinion within the advertising world which believes that appealing to such stereotyped images of women may do more harm than good for advertisers in the changed conditions of the 1980s.

The London advertising agency SSC&B: Lintas is currently claiming to have taken a small but significant step towards the emancipation of women in detergent commercials with its current £1m national campaign for Surf Automatic. The campaign aims to appeal to women for whom washing clothes is not the most important thing in their daily lives: instead, it is a chore to be undertaken with a minimum of effort.

Front-loading washing machines offer the technology to simplify washing and — it is argued — Surf is the no-nonsense washing powder that can be "trusted" to get the best results while offering value for money.

Most other detergent commercials attempt to imply the exact opposite — washing clothes is seen as a prime function of a woman's daily life and, moreover, should be viewed as something of a competition with other women (hence the emphasis on detergents which wash the whitest).

FRONT LOADERS SPEARHEAD LOW SUDS REVOLUTION

The UK market for soaps and detergents in 1981 was worth £502m in value at retail prices and some 823,000 tons by volume, according to a new market report prepared by Lever Brothers.

The report updates a similar survey carried out in 1979 and shows that while market value has risen by a quarter since 1979, volume has risen by only 6½ per cent.

Most of this volume growth came from the low suds washing powders section of the market which accounts for about 25 per cent of the whole market by volume and 27 per cent by value.

The growth of the low suds powders market has been mainly due to the higher proportion of households with front-loading washing machines. According to the report, Lever Brothers had some 59 per cent of the low suds market last year (from its Persil and Surf brands) while Procter and Gamble had 32.2 per cent (from Bold, Daz and Ariel Automatic).

Two other fast growth markets were for fabric conditioners and liquid scourers. Sales of fabric conditioners, which are added in the final rinse stage of the washing process, have grown in line with the greater use of automatic washing machines.

However, sales of liquid scourers — an alternative to abrasive cleaners—have more than doubled over the past five years as a result of a boom in kitchen modernisation with consequent greater use of stainless steel and plastic laminate surfaces. Sales are now worth about £12m a year.

Estimates of market shares for soaps and detergents give Lever Brothers a 41 per cent share, compared with 31 per cent for Procter and Gamble, 5 per cent for Colgate-Palmolive and 23 per cent for others, mainly own-label brands.

Average spending per household on all soaps and detergents in 1981 rose by 1p to reach 46p per week, according to the report.

Allan Morganthau, creative director at Lintas, admits that "we were lucky to have a client brave enough to allow us to break the mould and tread new ground with Surf Automatic."

That client was Lever Brothers, whose Persil brand dominates detergents with about half the market for low-suds powders used in automatic washing machines. Persil has achieved its market share success by pursuing a consistent strategy over the past 12 years (since it was launched) of appealing to the "caring" mum. The theme is that if a housewife uses Persil, she is demonstrating her care and affection for her family.

Surf, however, has always been deliberately presented as a more down-market, value-for-money detergent, and its advertising has consequently been low-key and traditional.

However, what prompted the present change in strategy was the realisation by both Lever and Lintas of the changing roles of women. Lintas started the process which led to the new approach with a major research project in 1980—costing some £20,000—entitled Mrs Britain." This research indentified four key roles for women—worker, housewife and mum, consumer, and player—all of which produced conflicting pressures on women.

Such conclusions were hardly new or surprising—but they were part of the process Lintas adopted to help indentify the grand strategy it felt Lever should adopt in the 1980s.

Further research was undertaken by means of groups of women discussing their attitude towards detergents. This clearly identified that there were significant numbers of women who wanted a safe, all-purpose detergent which needed no special care and which enabled them to get on with other aspects of their lives.

The Lintas strategy also reflected the growth in numbers of women at work over the last decade and the higher proportion of homes with automatic washing machines. Market share has almost doubled over the past five years.

Tim Isaac, Lintas's account director for Surf, adds that the group discussions left women "impressed with our advertising approach, which reflects back at them their own view of how their world should be, with time for activities other than domestic chores, and also that housewives are not role-bound and completely family-orientated idiots."

The two main 40-second commercials that were produced both focus on a Surf packet against a white background. However, special camera and production tricks enabled the packet to be converted into, for example, a tennis racket holder or as a magazine cover. The idea was that this indicated that using Surf was the key to giving women time to do other things, such as play tennis or read a magazine.

The voice-over tells the viewer that she can "trust today's Surf and get on doing all the things you have to do (ie, the washing) . . . and some of the things you want to do (play tennis or reading).

According to Lintas, the early results from the campaign show that Surf Automatic has moved into third place just behind Ariel Automatic (from Procter and Gamble) which Lintas claims has a much higher advertising budget.

* *"Adman and Eve," available free from the EOC, Overseas House, Quay Street, Manchester M3 3HN;*
* *"Herself Appraised: the treatment of women in advertisements," published by the ASA, Brook House, 2-16, Torrington Place, London, WC1, £75.*

'Tell your clients what else you can do'

Jim Clarke: Followed one cardinal rule

ALTHOUGH Jim Clarke's group of companies has come through the recession not only intact but growing, a slightly haunted look comes into his eyes when you ask about it.

He won't say how close run a thing it was, but the problem he faced can be summed up in one chilling statistic: five years ago, three quarters of his business was in classified advertising, most of it in the principal casualty of any recession, recruitment.

Yet Clarke has more than survived a situation that should have been calamitous. He did so by radically changing his group's mix of activities. Now, classified advertising plays a much smaller role and he has just beaten off the challenge of 27 other advertising agencies to win his most coveted account—Britain's first international garden festival, to be held in Liverpool in 1984 and a focal point of government efforts to regenerate Merseyside.

Clarke has nine subsidiaries or profit centres in his group but activity is concentrated in the two that are most well known nationally, J. Bernard Clarke Advertising (JBCA) and Lee and Nightingale. He is the sole owner of the group and employs a total of 42 people in Leeds, Manchester and at the Liverpool headquarters.

Clarke bought Lee and Nightingale for £28,000 in 1971. It was billing £110,000 and he kept it very quiet that JBCA was at the time billing £20,000 less. An ambition was being fulfilled; he was buying the company where he had started in advertising as a clerk nearly 20 years before. He was also buying a great deal of long established goodwill, for Lee and Nightingale was no less than 117 years old, and specialised in classified advertising for local authorities, handling public notices and situations vacant.

Clarke built on that goodwill throughout the 1970s and put a lot of creative effort into improving the look and content of full display classifieds to increase effectiveness and give better value for money. The agency seemed secure in the public service and recruitment sectors, especially since the reorganisation of local government caused a massive surge in jobs with the new authorities. Billings soon passed £1m a year, a healthy level for a small provincial agency employing less than 20 people.

Clarke at that time had an inbuilt edge over rivals: he was himself a councillor with Wirral Borough, becoming Conservative chief whip and chairman of the watchdog committee that monitored efficiency. He knew what local authorities needed and was able to pick up the accounts of a long list of them all over the north, as well as offering his specialised recruitment services to the private sector.

"I could also see what was coming," he says. "I knew that eventually the Conservatives would implement public spending cuts and that the recruitment market would suffer. That would have happened anyway. The recession made it even worse."

By 1978 he was already working on how to shift his group's mix of business by building up the more generalised activities of JBCA, dropping out of politics a year later to devote all his time to it.

He followed one cardinal rule. "The easiest business to get is always from your existing clients," he says. "We started telling them what else we could do." This meant majoring on the growing need of local authorities to promote industrial development.

Clarke says: "It's always exciting, of course, to make a big presentation for new business but it's expensive and the risks are high. It's a far more successful policy in the long-run to use existing trust and goodwill and build on what you already have." The advantage Clarke had was that as a classified specialist Lee and Nightingale inevitably had a lot of clients for JBCA to sell to.

How the policy has paid off can be seen from the figures. Typical classified billings in the mid-1970s were £130,000 a month, rising to £180,000 in the peak local government recruiting periods of April and September. Current billings in the sector are down by over a third from those levels, a massive drop when inflation is considered, to under £1m a year.

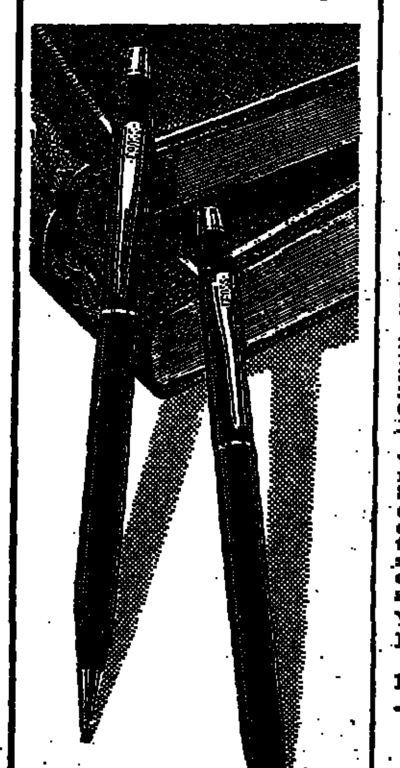
Yet the group's total billings were £2.8m last year and are currently running at £3.5m. Clients include Pedigree Pet Foods, the computer company Systime, Harrington Caravans and the airline Gensir, as well as ten local authorities and four area health authorities. Affiliation arrangements with the U.S. agency Bertrand Advertising provide an American and European network for international marketing, a vital requirement when promoting industrial development.

Specific campaigns have included pet products such as Aquarian fish foods, Mealtime, Rewards and Marrobone, Systime's 500 series of medium-sized computers, and the relaunch of Liverpool's morning paper, the Daily Post, as a tabloid. JBCA also handled Liverpool Liberals' paid-for election advertising last month, using a freesheet to get the message into every home.

Clarke is looking for other ways to maintain growth by expanding services for existing and new clients. He is already setting up a media relations arm and sees a growing need for recruitment consultancy, of which advertising is just a part. He is also co-ordinating moves to "twin" Merseyside's leading companies and local government and other institutions with counterparts in California to help promote industrial development through "goodwill, franchising, licensing and affiliations." He sees Britain as America's gateway to Europe, and therefore as a major attraction for inward investment.

What he doesn't see is this spread of interest beyond advertising's specialised role as a diversion. Rather, he says, it is a wider, but proper identification of client and end-user needs.

Ian Hamilton Fazey



THE ARTS

Record Review

Max Loppert

Traviata—the swings and the roundabouts

Four great sopranos sing Violetta in new recordings and revivals

Verdi: La traviata. Scotto, Kraus, Bruson etc./Philharmonia, Ambrosian Opera Chorus/Muti. EMI SLS 5240 (3 records)
Verdi: La traviata. Masterson, Brecknock, Du Plessis etc./ENO Chorus and Orchestra/Mackerras. EMI SLS 5216 (2 records). Recorded in association with the Peter Moores Foundation
The Art of Victoria de los Angeles—opera, song, and zarzuela recordings, 1949-69. EMI SLS 5233 (3 records)
Handel & Mozart: Arias. De los Angeles / LSO / Boult, Goldsbrough Orchestra/Goldsbrough. EMI ASD 4193
Elisabeth Schwarzkopf — The Early Years. Opera, operetta, and song recordings, 1946-55. EMI RLS 763 (4 records)

Two more *Traviatas*. Let the business of this notice be not the lamenting, with Arthur Jacobs in the January *Opera*, the failure of the record industry to fill such gaps as *Alceste* with Janet Baker "while the torrent of *Toscas* and *Traviatas* tumbles on": but rather to outline in summary the virtues and defects of the latest two of the latter opera—whose ideal gramophone version has proved strangely elusive despite the multiplicity of choice. The EMI *Traviatas* are, in fact, neatly complementary—Muti conducting a trio of eminent Latins, Mackerras leading an English-language ENO version (souvenir of the company's successful and beautiful production). If a computer of artistic sensibilities could be engaged to combine the two, mixing the virtues and wiping the defects, a truly Verdian performance might emerge.

With crude brevity, I would say that the plusses of the original-language recording are the leading men, the minusses the conductor and heroine. This will not be, indeed has not been, an opinion widely shared. Muti's nervous intensity, the relentless insistence that makes him drive unswerving through the Act 2 finale (intentionally not permitting Violetta's three heartfelt pleas their moment of graded expansion), the slam-bang chordal punctuation (one half expect Valhalla's rainbow to burst across the room at the end of "Amami, Alfredo")—all this has been acclaimed. Of the conductor's gift for drawing limber, luminous orchestral ensemble, of the sincerity and consideration underlying his decisions, there can be, as ever, no doubt. But what about Verdian *style?*

Scotto's Violetta sounds worn—the singer rather than the character. Even in middle-range areas, formerly the singer's special glory, the timbre is now hollow. The top screeches out. Much fine, careful shaping of phrases marks the vocal acting, yet even here, where compensations might be expected for the discomforts of the singing *qua* singing, it seems to me that artiness, a determination to impress the listener with the eloquence of every inflection, interposes. (A hearing of the 1962 Scotto *Traviata* affords a sad instruction.) Kraus, in pinpoint form, defying the years, and Bruson, a severely magnificent Germont father as he has been at Covent Garden, must be heard. The digital recording combines in the worst way artificiality of balance and boominess of bass range. The opera is complete: in some passages, a doubtful benefit.

On the vernacular set, the opera is trimmed to fill two records; the sound balance is admirable. Mackerras and Masterson supply what Muti and Scotto lack, the conductor, energy but also expansiveness of moulding, energy that does not lack delicacy; the soprano, a pure, limpid line, effortlessly natural and sensitive to changes of mood, at just those points where Scotto squeals or "inflects." (But is Miss Masterson really a Violetta? Should not the Peter Moores Foundation have gone for her Massenet Manon, and here given us Josephine Barstow?) The men, Brecknock and Du Plessis, are decent but rather more "local." And Edmund Tracey's translation, just bearable at the Coliseum, proves all but intolerable on repeated home hearing—lines like "So trust in your emotion/We still can hope and dream" are the stuff of pulp romance.

At the end of Schwarzkopf's great career, and at the late twilight stage of De los Angeles's, EMI is putting together retrospective testimonies to the magnitude of their art. The 1959 De los Angeles Violetta, unsophisticated (and occassionally uneasy in high phrases), remains one of those I rate most highly; by "Addio del passato," despite the excessively tremolando letter-reading, it is here worthily recollected, along with the majority of her roles. A rarity, the 1949 "Porgi amor" (the Mozart Countess was her first operatic assignment), is one of the treasures of an album otherwise mainly familiar but not therefore less rewarding—even as the vocal opulence and security thins across the two-decade span of its material, the "soul" of the singing shines out. A single record of Handel and Mozart items, almost all previously unpublished, makes an even more compulsive acquisition. In such things as *Exsultate, jubilate* or Cleopatra's "V'adoro, pupille," we might now desire a more variously dramatic impulse behind the music; yet beauty of sound and musicianly distinction are synonymous.

While Schwarzkopf sang Violetta quite often (she was Covent Garden's first postwar incumbent), her scrupulous 1950 "Addio del passato" (no recitative, two verses) must inevitably be reckoned no more than a marginal entry in the main account of her operatic repertory. The four records of this album leave, in total, no doubt, that this was one of our century's major musical talents. Even for the listener who comes to them, as I did, with a "Schwarzkopf problem" well-rehearsed and ready to flare, the sheer distinction and thoroughness of her singing compel fascinated semi-surrender, especially when the voice is so often heard in its lustrous estate of youth. And for all the items—the dainty *Rosenkavalier* and *Hänsel* duets with Seefried, the Strauss lieder, Brahms's "Vergebliches Ständchen" when set beside De los Angeles'—bedizened with interpretative artifice, there is a handsome sufficiency here of other performances to which Schwarzkopf's intricately detailing methods seem entirely appropriate.

Gerard Murphy as Prince Hal and Patrick Stewart as Henry IV in Henry IV Part Two, which, preceded by Part One, officially opened the Royal Shakespeare Company's tenure of the new Barbican theatre in the City of London last night. Michael Coveney will review both parts on this page tomorrow. Tonight the Pit, the studio theatre at the Barbican, has its critical opening with a performance of Our Friends in the North, a play about corruption in local government.

La clemenza di Tito/Covent Garden

Max Loppert

Newcomers excel in Mozart revival

The beautiful Covent Garden *Titus*, not given here for six long years, returns in good, not absolutely polished, form with a new conductor and a cast that is, with one exception, entirely changed. What a pleasure, after less securely styled encounters with Mozart and Gluck serious operas, in this house and others, to see once again Anthony Besch's grandly simple production, unfashionably straightforward without ever declining into mere convention, and John Stoddart's scenes and costumes, which capture in tones of Mediterranean warmth the fire and severity of Poussin. In all of this, the peculiar, too-long-misconstrued character of the opera is acutely apprehended. The production is currently in the care of Richard Gregson, by whom on Tuesday not every line had been tautly drawn: from a stalls side-aisle seat, much of the Emperor's first entrance was obscured.

Jeffrey Tate, not so long ago a member of the Royal Opera music staff, makes a delayed conducting debut. A burnish on and a balance of the orchestral tone immediately revealed the presence in the pit of a keen musical intelligence; the figuration of the score sounded lithe, never mechanical, the colours sombrely various, never frigid. On a hot evening in the house, it seemed that Mr Tate had yet to establish a longer view of the acts—tension was apt to drop, especially during the long sequence of increasingly rich and character-revealing airs that make up the second. A notable debut, all the same.

And in Vitellia, a notable first Covent Garden Mozart role for Elizabeth Connell. Succeeding Janet Baker must always be an unenviable task, yet Miss Connell's powerful, colourful, excitingly dramatic performance outlined a quite different approach to the great role—less classically taut of line, perhaps, and in the fine detail of acting less disciplined, but no less a focus of the drama. The full compass of the music, from G below the stave to a D above it cleanly thrown out, was the singer's to command. On this form, and controlled by firm directorial guidance, there seems no reason why Miss Connell should not now tackle the highest dramatic soprano peaks of 18th-century opera—Gluck's Alcestis and Armida, Mozart's Electra and Anna.

Vitellia and Annius, another more than promising performance by Diana Montague, were the vital presences, the "real people," on stage. There was vitality in more intermittent supply from Yvonne Kenny (Servilia), John Tomlinson as Publius (strong bass tone needing a cleaner line), and, in the difficult title role, from the handsome Swedish tenor Gösta Winbergh—was it simply nervousness that kept him from taking the prize of Mozartian manly warmth that should by right be his?

Intonational exactitude, in a clammy auditorium, is a familiar casualty, and most of the cast were prey to passing vagaries; alarming, though, that Yvonne Minton, sole survivor of the original cast, should have strayed from true so widely and so frequently. Towards the end of the evening Miss Minton's Sextus began to recover something of its celebrated lustre and richness. That Racine's *Bérénice* and Mozart's *Titus*, contiguous episodes of the same tale, should be on in London at the same time is a most agreeable coincidence.

Arrau/Festival Hall

Dominic Gill

Last year I wrote on several occasions about Claudio Arrau, and of the extraordinary sense of renewal and rejuvenation in the playing of this great pianist as he approaches his 80th year. There had been a time, in the 1960s and mid-1970s, when it seemed that the artist one had known and loved (chiefly in my case from the records of the 'forties and 'fifties) was about to vanish entirely under the swell of a great wave of lugubrious, laborious, pedantic keyboard manners. But more recently, Arrau has returned on the crest of the wave, triumphant. His Festival Hall recital last autumn in particular was a marvel of vitality, authority and serenity: not so much a transformation as a vindication, a powerful link between past and present.

By his own highest standards, Arrau's recital on Tuesday evening was not a vintage event. Some of the laboured rubati, all trace of which by last year had disappeared, have returned. His Liszt sonata was grandly impressive in its architectural span: but page upon page of it was weighed down by the same phrase-end (sometimes even mid-phrase) hesitation, endlessly repeated, and eventually predictable. The performance which opened the evening, of Beethoven's "Les Adieux" sonata op.81a, was more of a serious play-through than a finished interpretation, full of passing magical things, but tentative, a testing of the air.

Of Beethoven's Appassionata Arrau allowed no more than a swirling, impressionistic view: dark eddies of colour, dark shadows, sudden flecks of brilliant light. Like his account which followed of Liszt's Dante Sonata, it was magnificent of its kind: although ideally both scores deserve (and at times unequivocally demand) far sharper focus and crisper dramatic articulation. We contented ourselves with stepping back to observe the music with the performer, from a distance—the broad movement, broad argument, was monumental, even where the fine detail was blurred.

Saleroom

Sotheby's sale of Old Master paintings yesterday totalled £261,679 with 21 per cent bought in, about average for a sale of this kind. The top lot, "Orpheus charming the beasts" by a follower of Jan Brueghel, failed to find a buyer, but a Pieter Casteels of fowl in the garden of a villa trebled its estimate at £15,400 and a view of Hemiksem Castle also beat its forecast at £10,450.

The other top prices were the £10,340 for a pair of river landscapes by Christian Schütz, double the estimate, and the £9,020 for a wooded landscape by Anton Mirou.

On July 16 Christie's is holding one of the most important sales of English pictures for some time with a Turner "The Temple of Jupiter Panellenius restored" which is one of the artist's lost works, unseen in public since 1876.

Second Stride/Riverside Studios

Clement Crisp

Second Stride is an amalgamation of the small dance troupes working with Ian Spink and Siobhan Davies, and its season at Riverside this week provides an occasion to see the work of both these leading Contemporary choreographers, and also two pieces by Richard Alston. At their best all three creators propose a cool, dance-for-dance's-sake, manner whose excitements are physical as well as intellectual. At its most arid, in Ian Spink's *Canta* which began Tuesday's opening performance, we see something like the Rubik Cube style of post-modern creativity, with a series of switches in small blocks of movement going on and on and on, quite as relentlessly as the awful accompaniment produced by David Cunningham's assembly of tape loops and phased sound.

There are rewards in Spink's dances—the way the cast of six establish little curls of energy, territories into which they move, contacts which break and re-form—but the androgynous outfits (dreary slacks and shirts for men and women) and the restrained language leave one dry-mouthed. Far more stimulating the second Spink work, *There is no other woman*, set to Stravinsky's 1925 Serenade and the 1924 sonata, both well played by Susan Bradshaw. Androgynous outfits again—but pretty ones in blue and white—with the title explained by only one girl wearing a dress, and fresher and more demanding sequences of movement which develop into a most impressive series of duets and interchanges in the sonata's last two movements. Exceptional here the dancing of Philippe Giraudeau and Matthew Hawkins in a linear, very "classical" section.

Richard Alston's *The Field of Mustard*, on which I have reported before, also turned up in the first programme. It is inspired by an A. E. Coppard story, and is set to Vaughan Williams' tweedy English Folk Song studies for 'cello and piano. It features Siobhan Davies and Juliet Fisher as two women involved in a close emotional relationship, though I do not think that the well of loneliness is anywhere in sight. It is earnest, well danced, well crafted, and I find its hand-knitted manner all too resistible.

The programme ends in jolliest fashion with Siobhan Davies' *Carnival* (of the Animals). There is a charming back-drop of curtains parting to reveal Saint-Saëns in a Douanier Rousseau jungle, and the entire company are variously in and out of cream suits, bright scarves and shirts and animal impersonations. Sometimes the animals are just animals; at others Miss Davies has her own jokes, as when she and Ian Spink trail in as a geriatric couple to "Tortoises," and Philippe Giraudeau is a plaintive lover whose automatic hand-to-heart appeals to the elegant Juliet Fisher coincide with the repeated notes of the cuckoo.

A Personal Affair/Globe

Michael Coveney

However paradoxical it might sound, buggery in high places is the subject of scandal and concern in Ian Curteis's first stage play, which has been doing the rounds since its Guildford première last April.

Mr Curteis, of course, is renowned for such solid TV reconstruction jobs as *Churchill and the Generals* and *Suez 1956*. *A Personal Affair* is set in the middle 1930s between two State Openings of Parliament and, a programme note informs us, inspired by an incident which forced Lord Beaumont to resign as leader of the Liberal Party in the House of Lords.

Most playgoers under the age of 150, however, would recognise the play as a competent relation of *Crown Matrimonial* that, despite obvious echoes of the Jeremy Thorpe/Norman Scott case, could have been washed up like a message in a bottle on the shore of Shaftesbury Avenue at any time in the past 15 years.

Gerald Harper plays Arthur St Neots, the Earl Buchanan, MC, as an honourable smoothie faced with the unenviable task of coping (in two big scenes) with his loyal wife's (Virginia McKenna) enquiries as to what it was he actually got up to with his young fancy boy in Ladbroke Grove. His brother-in-law, Percy, the Duke of Middlesex (James Grout), initiates a moralistic purge that drives him to Venice and out of office.

King George V (William Fox) calls by to advocate discretion—he has to live with the homosexual practices of sundry Privy Counsellors—and to announce that the young man has shot himself. "I loved him," croons Mr Harper, slipping convincingly from matinée idol mannerism to emotional outburst.

James Roose-Evans's production is immensely skilful in its way, abetted by the handsome designs of Peter Rice. But the dramatic air is thick with snobbism and a sort of outmoded sentimentality that is inexcusable even in so calculated a period piece.

Radio awards for Pinter and Barnes

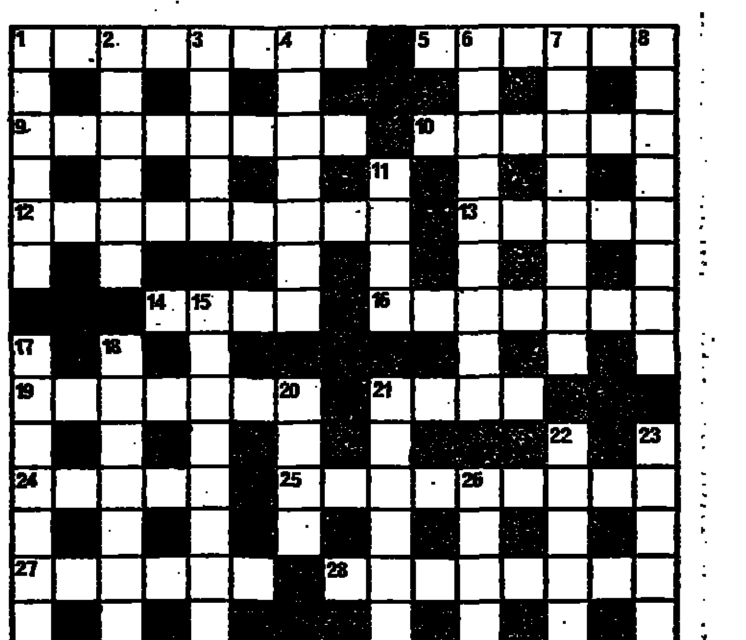
Harold Pinter and Peter Barnes are among six playwrights who have won Giles Cooper Awards for the best BBC radio plays of 1981.

Peter Barnes won his award for *The Jumping Mimuses of Byzantium*, a monologue performed by John Clements on Radio Three. Harold Pinter's award was for *Family Voices*, starring Peggy Ashcroft, Michael Kitchen and Mark Dignam, the first of a series of productions broadcast by the BBC in association with the National Theatre.

Leonard Burt

Virginia McKenna and Gerald Harper

F.T. CROSSWORD PUZZLE No. 4,893



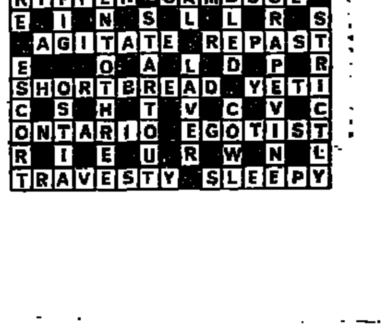
ACROSS

1 The trouble about a Spaniard is he puts pleasure before work (8)
5 Steps up air travel (6)
9 Made someone take notice? (8)
10 He has a cool basis for his figuring (6)
12 One doesn't run after it, presumably (4, 5)
13 Petal shaped fold (5)
14 Port area (4)
16 and 21 down: Extraordinary impression produced by journalists (7, 7)
19 Rise for the workers? (3-4)
21 The way to travel to gain time (4)
24 Fight to protect one's property? (5)
25 About sixteen at church—miserable living (9)
27 Perfume sent back, to many it's not acceptable (6)
28 Class of good scholars (8)
29 They were in the church's interest (6)
30 Pull beneath the waves (8)

DOWN

1 Novelist about fifty? Not quite (6)
2 Stop in a crooked side street (6)
3 Fall behind it at the end of the day (5)
4 Evidence of a leak? Tell the attendant (7)
6 Mere versifiers (4, 5)
7 Harvest the grain in a new way (6, 2)
8 Choke—or another carburettor control (8)
11 The aims of termini (4)
15 Part of the tide of lawlessness? (5, 4)
17 Position of respect on the staff (4-4)
18 Is noticeably not flush? (5, 3)
20 The song told a story (4)
21 See 16 across
22 Is ecstatic being a new parent (6)
23 Give notice (6)
26 No, no not here! (5)

Solution to Puzzle No. 4,892



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New rules on insolvency

WHEN THE Conservative Government came to power in 1979 the then Industry Secretary, Sir Keith Joseph, was wont in private to extol the virtues of Receivership. There was, he felt, too little of it around. Sir Keith has since moved on to other things and the recession has deepened. Paradoxically, however, few quoted companies have so far gone under. Those that have collapsed have not been large, although some, like Stone-Platt, Laker, and De Lorean, have gone down noisily.

One reason for the apparent durability of big companies in the face of the worst recession since the 1930s is that increasing industrial concentration has turned the Receiver and manager's job over to the hatchet man from the parent company.

Intensive care

Another is that governments are reluctant, since the collapse of Rolls-Royce in 1971, to contemplate receivership for the really big incipient lame ducks. Serious cases now go into intensive care, a process whereby the Bank of England acts as honest broker in an attempt to ensure that conflicts between the interests of different creditors, and between creditors, shareholders and the company, are not allowed needlessly to jeopardise the company. The company is then restructured by (often revamped) management. The question is whether the line has been properly drawn between the need for financial discipline and rapid industrial adjustment, and the social upheaval that may have been acceptable to the Victorians who drafted most of Britain's insolvency laws, but is no longer acceptable today.

The report of Sir Kenneth Cork's committee on insolvency law appears, at first sight, to side implicitly with those who feel that companies should not go down before all hands have exhausted themselves at the pump. The committee accepts that the uniquely British and much-criticised system of floating charges, which do not attach to any specific asset but "crystallise" on all the charged assets at the time of default, is unsatisfactory: too often the bank makes off with the spoils at the expense of unsecured non-preferential creditors.

To remedy the inequity the report proposes that fewer creditors should have preferential status and that 10 per cent of the net proceeds of the assets realised — a curiously arbitrary figure that the report makes no attempt to justify — should be set aside for unsecured creditors.

But despite these misgivings the committee believes that the floating charge can be highly effective. Certainly the alternatives are unattractive. A voluntary moratorium is not binding on all creditors and can thus be sabotaged too easily; a scheme of arrangement does bind creditors, but takes so long to reach the court that dissident creditors can pre-empt it, for example by seizing assets.

The committee, no doubt with the American Chapter 11 bankruptcy procedure partly in mind, therefore proposes a new corporate fireman — an administrator who has all the powers of a receiver together with other powers designed to help keep firms afloat. The aim is to ensure that companies do not fail simply because they have raised one form of credit rather than another.

In this, as in the sections of the report on personal bankruptcy, Cork aims to put orderliness and equity into insolvency, to distinguish between the crooked and the incompetent. It was not part of his mandate to pontificate on wider issues such as the relationship between company and banker, although the banking system's concern should clearly be to monitor clients effectively enough to make intensive care or receivership unnecessary where possible.

Reforms

The overall balance between financial discipline and social concern might not, then, be greatly changed by these proposals. They are detailed, practical reforms of the kind one would expect from a committee headed by the most effective recent practitioner in insolvency and the approach recognises that the receiver, administrator or liquidator has a crucial role to play in the financial and industrial structure which should be conducted in a humane legal framework. It would be unfortunate if an obvious lack of vote winning appeal, together with a call for many of the Inland Revenue's preferential claims to be dropped, were to result in the report being lost from sight in Whitehall.

Holding Chad together

FOR 16 YEARS the impoverished state of Chad, occupying a pivotal position at the heart of northern Africa, has been torn by civil wars. The danger always has been that they would spread to other African states. A sprawling territory of some 500,000 square miles, where rather less than 5m people attempt to scratch a living, Chad is a colonial relic reduced by a combination of arbitrary boundaries and petty rivalries to a state of chronic instability. When France granted the country independence in 1960, it already had the lowest per capita income in Africa. Since then, prolonged drought and the incessant bloodshed have resulted in a negative growth rate over two decades and collapse of the traditional mainstays of the economy—cotton and cattle.

Faint hopes for the discovery of commercial quantities of either oil, around Lake Chad, or uranium, in the northern Tibesti mountains, have never been realised. No one can argue that it is an economy worth fighting for.

Importance

The long-term importance of Chad lies in its geographical position bordering six states, from Libya in the North and Sudan to the east, to Nigeria and Cameroon in the West. As long as war continues in the territory, there is a threat of its spilling over those ill-defined African frontiers into the neighbouring states, following the thousands of refugees who have already fled.

It is also of more immediate importance to those who fear the expansionist ambitions of Libya's Col Gadaffi. That includes not only President Nimeiri of Sudan, but also the governments of several West African states with Moslem populations. Finally, it is of concern both to the Organisation of African Unity (OAU) and to President Mitterrand of France. The OAU has staked its reputation on finding a peaceful settlement in Chad, and President Mitterrand has given that aim —an African solution to an African problem, without the intervention of outside powers —his full support.

Power changed hands this week for the fifth time in seven years when M Hissène Habré, a northern Moslem and former Prime Minister, seized control of the capital N'Djamena from the forces of President Goukouni Oueddei. M Habré's immediate offer to hold talks with the rival factions in the country—there were 11 at the last count—to set up a broadly-based provisional government should be reassuring. But few observers believe his re-emergence in power will provide any lasting solution to the country's divisions.

The installation of an OAU peacekeeping force last December, in the place of Libyan troops backing President Goukouni, has signally failed to keep the sides apart. Indeed, although Col Gadaffi has lost his ally, he has scored a diplomatic victory: he can argue that his presence was in fact a force for stability.

The apparent failure of the peacekeeping force is also a blow for President Mitterrand, who was instrumental in engineering last year's Libyan withdrawal, and who has been supporting the faltering Chad administration to the tune of $3.5m a month. However, the OAU had become impatient with President Goukouni's refusal to negotiate a ceasefire with M Habré, while the governments providing the peacekeeping troops — Nigeria, Senegal and Zaire — were becoming increasingly desperate about the cost of the operation. When M Habré's final push came, the OAU force stood to one side.

Failure

Concern to promote a lasting solution in Chad is now widespread. The U.S. Government is backing a project to propose some form of federal constitution which might defuse the tension. The OAU attempt at organising a peacekeeping force has proved a failure, mainly because its heart was not in a venture it could not afford. The organisation now has an opportunity to exercise the somewhat cheaper skills of diplomacy in bringing all sides round a table. Prospects for success may not be great, but it is the only alternative worth considering.

STEEL IMPORTS

Why the U.S. is fighting back

By Richard Lambert in New York

THIS IS a big day both for the world's steel industry and the international trade community. Short of some last-minute compromise, the U.S. Department of Commerce is due to publish rulings that could have major repercussions on trade in steel and on Europe's business relationship with the U.S.

The issues involved are so serious that even at this late stage the Reagan Administration is still battling to find a political solution.

But an eleventh-hour agreement to limit imports on a voluntary basis would be unlikely to provide a lasting solution to the problem. This week's events form a key step in a process which started earlier this year when the U.S. steel companies fired a barrage of complaints against foreign steel importers, mainly from the European Economic Community.

U.S. producers alleged that their home market was being murdered by soaring volumes of unfairly priced products from abroad. They claimed that foreign steel makers, especially European companies were being subsidised in order to protect employment. As a result, they were able to export their products to the U.S. at unrealistically low prices. In some cases, dumping has been alleged as well.

Some of the original charges have since been dropped. But 85 cases are still being examined, which, according to the American Iron and Steel Institute, cover some 40 per cent of all U.S. steel imports. Of these, the most important both in terms of quantity and of general principle concern the subsidy allegations, and it is on these that the Commerce Department is due to issue its preliminary findings today.

Should the Department find that the U.S. industry's claims are justified — and it is generally assumed that at least some of the cases will be made to stand up — importers will have immediately to post either a cash deposit or a bond equal to the estimated amount of subsidy on the product in question. In certain circumstances, this penalty could be made retroactive to cover steel brought in up to 90 days before today's deadline.

If today's decision is affirmative, it will be subject to final confirmation by the Department and to an investigation by the International Trade Commission, an independent U.S. body which would have to decide whether the U.S. industry had been damaged by subsidised imports.

So there is still time for brinkmanship. But the impact of today's findings will spread well beyond the steel industry. Common Market trade officials have already dropped heavy hints that harsh U.S. action against steel imports could provoke retaliation in other areas of trade.

There are wider issues, too. Gary Horlick, who has been supervising the investigation at the Commerce Department, says that the findings will be of "tremendous importance" in terms of defining what constitutes a subsidy.

There are obvious grey areas to be clarified—such as the question of whether a steelmaker using coal from a subsidised mining industry is itself being subsidised. Horlick believes that other countries are likely to follow the precedents set down today by the U.S. authorities in what has been by far the biggest investigation of its type.

However, Horlick also stresses that the investigation is perfectly compatible with the international subsidies code laid down under the Tokyo round trade agreements, and with the U.S. Trade Agreements Act of 1979.

These issues have come to a head as a result of a more or less unprecedented downturn in the U.S. steel industry. In the week ending June 5, the domestic steel producers were operating at 42.5 per cent of capacity, which is the lowest point touched since 1938. Capacity utilisation so far this year has run at 56.6 per cent, down from 85.1 per cent a year ago. In terms of steel production, that represents a fall of about one-third.

Not surprisingly, steel prices are exceptionally weak, and there are reports that list prices are being discounted by 20 per cent or more. According to one importer, "You cannot speak of a price structure. Everyone wants to have the last look at a deal to see if they can't match it."

The collapse in prices is what killed the Trigger Price Mechanism, which was set up in 1977, suspended early in 1980 and brought back to life again later that same year. The U.S. authorities persuaded domestic steel producers not to press unfair trading actions against foreign importers, and in return undertook to run a monitoring system based on a trigger price which was derived from Japanese steelmaking costs.

The trouble was that U.S. prices, especially for sheet steel, tumbled last year to below the trigger price, and an increasing volume of imports started to flood in as the year progressed.

In November, the Commerce Department itself initiated anti-dumping and subsidy investigations against several countries, as it had promised that it would. But its actions were not nearly tough enough to satisfy the U.S. companies. They fired off a much wider range of complaints this January—and once again the trigger price mechanism was suspended.

Since then, the steel companies have made it clear that they want blood. At a recent meeting in New York, William De Lancey, chairman of Republic Steel, complained that "We are engaged in an unequal struggle pitting private enterprise companies against European producers, which are either the alter ego of a foreign government or which enjoy substantial government support." Or, as David Roderick, chairman of U.S. Steel, put it less elegantly: "We are forced to trade in what amounts to a rigged game."

U.S. Steel has claimed that some European imports receive government subsidies worth between $50 and $300 a ton—compared with a selling price of only about $450 to $500.

Members of the Reagan Administration have been making politely sympathetic noises in the face of this attack. Steel presents a sharp dilemma to an administration which has strong free market inclinations—yet which may feel obliged to impose a sweeping set of trade restrictions. Malcolm Baldrige, Secretary of Commerce, has stated firmly that "this Administration will not tolerate the shifting of foreign steel producers' adjustment burdens to the United States through unfair trade practices."

The U.S. companies say they will be happy to press their actions to the bitter end if necessary. They also threaten that if the present trade laws do not work to their satisfaction, they will use their formidable lobbying powers to persuade Congress to write new ones.

However, the issue was not as cut and dried as it seems in Pittsburgh. The fundamental problem of the U.S. steel industry, according to Charles Bradford of stockbrokers Merrill Lynch, does not stem from imports but from excessive costs and insufficient productivity growth.

Department of Labour statistics support the importers claim that in many cases they are just a lot more efficient than the U.S. companies. In 1980, the latest figures available, unit labour costs in the Japanese steel industry were between 34 and 41 per cent of those in the U.S. In France, the range was between 84 and 91 per cent; in Germany, between 83 and 89 per cent. Costs in the UK were higher than in the U.S., but its figures were distorted by the strike.

The strength of the U.S. dollar since then would make today's figures look even less flattering to the U.S. producers.

U.S. steelmakers boast of their heavy investment in new plant, and promise that 45 per cent of their steel will be made by modern continuous cast process by 1990. In 1980, 60 per cent of Japanese steel was continuously cast.

The importers also point out that at least some of last year's upsurge was brought about by the U.S. companies themselves. According to the American Institute for Imported Steel: "U.S. Steel and Armco were unable to meet customer demand in 1981, and therefore together ordered over 1m tons of oil country pipe and tube from foreign producers."

On a more defensive note, they also argue that it would be difficult to prove that subsidised imports are causing material damage to the U.S. industry at a time when the recession has brought about such a sharp fall in demand. And they suggest that if particular foreign producers are squeezed out of the market by the imposition of countervailing duties, they will quickly be replaced by other importers.

This view is shared by Merrill Lynch's Charles Bradford, who suggests that the overall level of imported steel might not decline any more than would have been the case anyway without the anti-dumping and countervailing duty rulings. Imports have been on a declining trend since the start of the year, mainly because of a sharp fall in demand from the oil exploration and drilling sector.

So the Commerce Department will be walking into a minefield today, which is why various attempts are being made—so far unsuccessfully—to pull off some voluntary agreement with the European producing countries.

The immediate reaction to its decision will be crucially important, and there will be a need for cool heads both in Europe and the U.S. As one importer put it: "If one guy shoots and the other guy shoots back, the next thing you know you have a war."

Blast furnaces which have been idle since early 1980 are demolished at Youngstown, Ohio

THE U.S. STEEL INDUSTRY

Total steel products ('000 tonnes)

	Estimated domestic consumption	Total imports	Imports Consumption %
1973	119,236	15,150	12.71
1974	117,040	15,970	13.64
1975	99,000	12,013	12.13
1976	104,700	14,285	13.64
1977	109,051	19,307	17.70
1978	112,048	21,135	18.86
1979	112,962	17,518	15.51
1980	101,942	15,491	15.20
1981	100,008	19,898	19.90
1982 1Q	24,601	4,925	20.02
2Q est.	23,200	3,500	15.09
3Q est.	21,774	3,300	15.16
4Q est.	25,275	4,275	16.91
Total	94,850	16,000	16.87

Source: American Iron & Steel Institute, U.S. Department of Commerce and Merrill Lynch

EUROPEAN STEEL EXPORTS TO U.S.

	1978	1979	1980	1981
Belgium	1,238	956	870	1,026
France	1,759	1,341	967	1,123
West Germany	2,295	1,868	1,289	1,997
Italy	789	292	174	670
Netherlands	686	500	340	413
UK	672	434	237	524
Total	7,464	5,405	3,887	5,864

Source: American Iron & Steel Institute

THE EUROPEAN RESPONSE

EUROPEAN steel producers are putting a brave face on the threat of legal battles over exports to the U.S.

Most have been hoping — even up to today — that an orderly marketing arrangement would be successfully negotiated with the U.S. Commerce Department and the legal actions would be withdrawn.

Assuming negotiations do not succeed, producers are reluctant to indicate how they will react to countervailing duties until they see how large they are.

There is not only the financial burden to be taken into consideration but also the question of whether any attempt to continue exporting would be taken as an aggressive act exacerbating the situation.

On the other hand, most European producers feel they have strong cases to put against accusations of being unfairly subsidised.

German producers, who accounted for much of the increase in EEC exports to the U.S. last year, fiercely maintain that they have nothing to fear from an investigation.

French steel industry sources concede that they have been heavily subsidised but argue that subsidies have been aimed not at increasing capacity or reducing prices but at financing cutbacks and more than 50,000 redundancies since 1975.

The total volume of exports of steel from EEC countries to the U.S., at 5.9m tonnes last year, is not large in comparison with total EEC production of roughly 125m tonnes.

Similarly, for most countries and companies in the EEC, U.S. sales are a small portion of the total. Germany's U.S. sales of 1.99m tonnes last year were less than 5 per cent of crude steel production.

But European industry leaders fear that if these tonnages, together with volumes from other countries under attack, can no longer be sold in the U.S., they could cause considerable disruption to steel markets in the Community.

Men & Matters

Right of way?

The commander of the Israeli forces in Lebanon, Major General Amir Drori, has issued an order of the day to his invading troops.

The order says there should be no contact, social or commercial, with local civilians, that looting would be severely punished, that holy places and historic sites are to be protected, that combat zones are strictly out of bounds to women soldiers.

Nothing surprising about that. But, given the massive size and speed of the Israeli invasion, one point did cause some eyebrows to be raised. It reads: "Road traffic—traffic will move along highways as well as narrow tracks. Drive carefully and observe traffic rules to prevent accidents."

Beached boys

The subtleties of Florentine leftwing politics could bring about the cancellation of next month's appearances in Italy of the Rolling Stones.

After a heated six-hour debate, the city's municipal council has voted 28-25 to ban two concerts which the rock group was due to hold in Florence. Similar events in Turin, and possibly Naples, may now also be called off.

The controversy over the "Pietre Rotolanti" split Florence's leftwing local government. While the Communists, the city's dominant party, backed the visit, their Socialist partners joined with opposition Christian Democrats to secure a majority against it.

Florence, it was claimed, did not have the facilities to cope with an expected influx of 300,000 fans. And the musicians, said Francesco Bosi, the Christian Democrat leader, "also bring drugs with them."

Some suspect, however, that the quarrel might be linked with a running battle for control of the city's important cultural activities between Communists and Socialists, and rivalry between the two parties at national level.

Only a few weeks ago, the Communist/Social alliance almost collapsed over the issue of who should replace Massimo Bogianckino as director of the Florence Opera after his departure to the equivalent post in Paris.

And the fact that the Republicans joined the Communists in backing the Stones' visit has led to intense, if idle, speculation on whether Giovanni Spadolini, the Republican Prime Minister and a Florentine, might be a secret Stones' fan.

Long hop

Brazil's ingenuity in conquering new export markets knows no bounds. Not content with its reputation of being the largest exporter of frozen chicken legs to Saudi Arabia, it has now turned its attention to the export of frogs—by the tonne.

The Superintendency for the Development of Amazonia has approved a project calling for the development of a large frog breeding centre near Belem in the state of Para which will turn Brazil into one of the world's largest frog producers by 1985.

According to a report by the Banco do Brasil, the project involves "the breeding of frogs in semi-captivity, as well as slaughter, industrialisation, marketing and export of the meat, liver paste, thighs, legs and skin."

Already this month the Real Frog Breeding Centre is scheduled to begin exports of frozen frog meat to the U.S. American gastronomes can expect to chew their way through 15 tonnes of the stuff a year from now on.

Safe-keeping

NANCY Steorts, chairman of the U.S. consumer product safety commission, arrived in a wheelchair for the Royal Society for the Prevention of Accidents conference in Birmingham yesterday.

She had slipped on a loose paving stone at her Washington home, sprained an ankle, and was now, she said, "a non-walking example of the need for more care in household repairs."

Steorts' powers in enforcing product safety in the U.S. are wide, and she has been closely watched by American industry since she was sworn in late last year. She has already virtually closed down a small industry by banning the use of urea formaldehyde foam in insulation.

But she insists that voluntary standards are preferable to enforced rules—and that early warning of dangers is vital. She is now investigating a number of problems in the U.S. that could have implications for Britain, notably the effect on the air we breathe indoors of over-insulation, woodburning and other cheap fuel heating systems, and the dangers of toxic fumes when modern funishings catch fire.

Provident Liffe

Undeterred by the ominous precedent of Carr Sebag, which did not find three senior partners much of a help when the going got heavy, the newly-merged discount house Cater Allen has opted for the principle of dual controls.

Its first annual report boasts two chairman-style statements, one from Alistair Buchanan, late of Allen Harvey Ross, and the other by James Barclay, late of Cater Ryder. Barclay is deputy chairman of the holding company but chairman of the discount house: out of deference or reticence, he writes a few paragraphs shorter than Buchanan.

Discount house mergers can be bloody affairs, since the main objective is usually to reduce overheads—which means dismissing half the combined staff. But Buchanan extols the virtues of the "people" side of bill-broking, and it does seem possible that the opening of Liffe, the new financial futures market will providentially absorb a number of employees.

Elsewhere, the company is busy rewriting history. The proud monogram—CR 1816—with which Cater Ryder used to proclaim its antiquity has been replaced by CA 1816. Some might feel that CA 1981 would be a more honest vintage.

Observer

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ECONOMIC VIEWPOINT

What the Summit left to do

By Samuel Brittan

ALTHOUGH I saw only one of the menus of the Versailles summit and was not in personal attendance, it so happens that in the days immediately before and after I was exposed to a rich variety of standpoints from which to view the results.

The primary purpose of my continental trip was to attend a meeting of Prof. Karl Brunner's excellent and well-run Interlaken Seminar entitled "Analysis and Ideology"—which attempts to apply economic analysis to issues formerly regarded as the exclusive preserve of sociologists or political philosophers.

People of all points of view were present: on the American side it included several economists close to the monetarist wing of the Reagan Administration. I also took the opportunity to visit policymakers in Frankfurt and Bonn, as well as call on the "central bankers' own bank," the Bank for International Settlements in Basle.

With the exception of Interlaken, the conversations were on a "non attributable" basis. But it is not betraying any confidences to say that the people I saw at Basle, Bonn and Frankfurt regarded themselves as "pragmatists," whereas the Interlaken economists were avowedly concerned with theories of cause and effect and with principles for guiding policy.

Along the Rhine and its tributaries, the French Finance Minister, M Jacques Delors is seen as a "good guy" who deserves all the international support he can get. The IMF's managing director, M Jacques de Larosière is also a good guy. Among British leaders, James Callaghan is seen as a good guy, Harold Wilson a bad one. The arch "bad guy" is Beryl Sprinkel, the U.S. Under Secretary for Monetary Affairs—*inter alia* because of his scepticism about foreign exchange market intervention.

The German-speaking Social Democrat world admires a certain style of government. Chancellor Helmut Schmidt does not argue for or against an "incomes policy," but points out that he spends "200 hours a year" talking to union leaders. President Giscard d'Estaing's mistake is seen as in not having done likewise.

The current German approach is to emphasise the control of Budget deficits and to downgrade monetary targets. It was always thought that the Reagan and Mitterrand Administrations, which began by downplaying Budget deficits for opposite ideological reasons would eventually see the light; and it is now thought that the French will do so first. For many Reagan advisers now accept that a fiscal compromise between the President and Congress will have to be postponed until after the November elections, and that there will be no "Budget Resolution" this session. Thus existing policies will continue, leaving the deficit at the $100bn level, give or take quite a few billions.

Yet something has changed on the American side. It is now accepted by President and Congress—as it was not a year ago—that the upward drift of the U.S. Budget deficit must be reversed. The argument is about the mix between tax increases, military curbs and social spending cuts.

The new attitude has come partly as a result of the realisation that the projected 1982-83 Budget deficit is not a recession-induced temporary horror and that even the long-term trend is steeply upwards. Professor Brunner's own Shadow Open Market Committee has projected a $250bn deficit for 1984-85, on the assumption of normal economic growth.

Indeed the word "uncertainty" brings out a theme common to the continental pragmatists and American theorists. The world recession has been W-shaped. The first dip in the second half of 1980 was succeeded by a short-lived and shallow upswing in 1981 only to be followed by a further dip in 1982. The OECD and most other forecasters expect some recovery towards the end of this year and in 1983, but not sufficient to reverse the world-wide rise in unemployment or even for it to level off before the second half of 1983.

The obvious answer to what has gone wrong is the sharp rise in "real interest rates"—a concept which appeared in a summit communique for the first time. They are particularly high in the U.S., where the usual estimate is 7 to 8 per cent on the basis of the long term Government bond yields adjusted for inflation. A study for the U.S. Treasury concludes that some 5 per cent of this, historically enormously high, figure is a risk premium against a re-emergence of inflation.

The inflation uncertainties affect lenders and borrowers in opposite ways. Lenders, who are afraid that U.S. inflation will bounce back are insisting on an interest yield well into double digits. On the other hand corporate borrowers are aware that if inflation stays low or declines further, borrowing at 13, 14 or 15 per cent rates will prove prohibitively costly. So they play safe and borrow short term, thus conveying the pressure to bank lending and bill rates—and thereby doing what financial analysts call "weakening their balance sheets."

Being short of ideas for tackling these problems the Summit leaders fell back on commitments to co-operate on policies to secure economic "convergence." There is now a new emphasis on the IMF in the mutual "surveillance" of economic policies. There is a cryptic reference in the communique to the five currencies constituting the Special Drawing Right (SDR). This is an oblique way of referring to the Group of Five.

The Group, whose existence has never been officially announced, consists of the U.S., Japan, Germany, France and the UK.

Glyn Genin

M Jacques de Larosière, Managing Director of the IMF: to be in charge of post-Summit "surveillance".

The Americans and Germans in particular would like the IMF surveillance and studies of the effect of exchange rate intervention to become the personal responsibility of the Fund's Managing Director working closely with the Five. The BIS is in any case likely to do its own study of the last subject, but without any illusions about dispelling the argument.

If the main problems were lack of co-ordination between countries or excessive exchange rate fluctuations, then the debate about securing exchange rate stability through converging domestic monetary policies as advocated by the U.S. or the political manipulation of exchange rates advocated by the French would be vital.

But what stands out a mile is that the trend to rising unemployment and low growth is common to countries with the most varied political and economic philosophies. In Germany with wage settlements of 4 per cent, inflation falling below 5 per cent and the unions regarded as "not a problem," unemployment is approaching 2m with little prospect of alleviation.

Among commercial bankers the main worry is not co-ordination of macro-economic policies but the fear of a financial collapse triggered off by borrowers' defaults. The chain of bank crashes following the collapse of the Creditanstalt in 1931 remains a folk memory.

Central bankers admit that some combination of a default by say a Third World or Comecon borrower, coinciding with a large domestic bankruptcy at a time of recession, could just conceivably threaten a really big bank with insolvency.

Most major banks still have an ascertainable head office subject to the jurisdiction of one or other central banks which would have the primary job of acting as a "lender of last resort." The doctrine is that the interests of depositors (including other banks) would be protected but not necessarily the threatened bank itself.

A minor difficulty is the case of jointly owned subsidiaries with parents in more than one country. Much more important is that if there were a run on foreign currency denominated deposits, some central banks might not have the foreign exchange to save the depositors. Open market operations in purely domestic currencies would not help here; and the international swap system would have to be used to help.

A chain of banking collapses is, however, usually regarded as an amateur's nightmare. Central bankers are much more worried that any major default would lead not to bankruptcies but to a drying up of "country lending." Already some Third World countries are reported to be experiencing delays in raising finance in the wake of the Polish and Argentine difficulties. An aggravating factor is that a $50bn deterioration in the Opec balance of payments has still to reveal itself in the improvements in the current balances of any other part of the world. The counterpart is still being hunted by international statisticians.

Central bankers believe that more country lending should be undertaken directly by the IMF. They also exhort the commercial banks not to be over-cautious—rather like the Pope preaching in favour of sin.

The problem, if it exists, is an example of "external" or "spillover" effects, very well known in other areas of economics. In other words the adverse repercussions on the international system of extreme caution by an individual bank can exceed the benefits to the bank itself.

The normal response to such spillover effects is to alter the balance of incentives by taxes or subsidies or, occasionally, changes in property rights. An international insurance facility perhaps subsidised by governments, might help. At any rate here is a more fruitful field for official ingenuity than the present obsession with manoeuvring the United States into intervening in the foreign exchange markets.

Meanwhile it would help confidence and diminish perceived risk if the "lender of last resort" obligations of central banks, to prevent a mass destruction of bank deposits, were spelt out by the BIS, or the Group of Five or the summiteers or some other worthy body.

Lombard

The case for fairer voting

By Peter Riddell

ALL THE mutual back-slapping during President Reagan's visit to Britain about shared democratic traditions missed the key to the survival of Parliamentary institutions in the UK—somewhat ironically in a week marking the 150th anniversary of the signing of the Great Reform Bill.

The hallmark of the British political tradition is not democracy—a development of only the last 60 years—but adaptability. In the absence of a written constitution like that in the U.S., British political institutions have not been static, but changing to ensure acceptability.

A fresh challenge has arisen again over the electoral system. The case for reform is not a theoretical but a practical one. I write as a small conservative on constitutional issues, believing in organic change rather than mechanistic blueprints. The first-past-the-post system is now failing to fulfil the fundamental objective of fairly representing the preferences of the electorate.

The inadequacies of the present system were shown during the local council elections a month ago. The majority of successful candidates won with less than half the votes cast and, given the low turn-outs, a third of the electorate or less.

Bizarre

In the local elections the Alliance gained just over 25 per cent of the vote in England yet won less than 8 per cent of the seats. In Coventry and Southampton, for example, around a quarter of the total vote was rewarded with no seats.

The main objection is that the results grossly distort the wishes of the electorate. In the London Borough of Lambeth there was an undoubted swing against Labour, reflected in a fall in its share of votes cast since the 1978 elections from 49.2 to 33.5 per cent, yet the party still won half the seats. The Tories with 39.1 per cent of the vote won five fewer seats, while the Alliance with nearly 27 per cent of the vote won only 7½ per cent of the seats. It was only bizarre manoeuvrings involving an outgoing Labour mayor supporting a Tory which ended Labour rule.

These results are decisive evidence for reform, but of what kind? Any change has to involve *greater* proportionality between votes cast and seats won but *absolute* proportionality is not necessarily desirable. There are other criteria which electoral systems have to satisfy such as simplicity and community links.

Priority

One of the main obstacles to change is the pedantry and obsessiveness of some of the reformers. Their enthusiasm for their own pet schemes—and nothing less — repels many sympathisers. This attitude also ignores the fact that every reform since 1832 has been dictated by the political pressures of the time with original proposals being changed.

The priority is to secure some change, not perfection. A good starting point might be local government with either a single transferable vote in large wards or the alternative vote in single-member wards. At the national level, the issues are more complex, both given the vested interests of sitting MPs and understandable worries about the power of blocking minorities. Any proposals should take into account the need for a direct constituency link between elector and member and should not be too fussy about exact proportionality.

Changing the electoral system will neither remedy any of Britain's basic problems nor, contrary to the hopes of some reformers, necessarily produce more consistent economic management. Reform does, however, offer the chance of renewing support for the Parliamentary system itself.

Letters to the Editor

The true tax burden suffered by banks is very great

From the Secretary-General, Committee of London Clearing Bankers

Sir,—No one would dispute your view (June 8) that bank taxation should be equitable. What is distressing is that you have once again assumed—without any analysis of the facts—that the effective tax burden on banks is currently unduly light. Because the tax system fails to pay regard to the effects of inflation on bank profits, the true tax burden suffered by banks is actually very great. Leasing activities can serve to reduce the amount of tax actually paid, but they do not remove the burden because most of the benefits of the capital allowances are directly passed on to customers through lower rentals.

The implication in your article that the present balance sheet strcture of banks is imprudent s unacceptable. The degree oi maturity transformation has ndoubtedly increased as they ave extended more longer-terr loans, and there is a limit to the extent to which such lendig can be financed by short-term leposits. This is a matter all banks keep under careful revew. If the limit is reached the, will have to look for longer-erm sources of deposits, reognising that this will mean Igher costs which will have to be passed on to their borrowers. There will be no need for reserve requirements to "imel" them to do this: they will-lo it of their own accord if and when the need arises.

I would alo dispute the assumption uderlying your analysis that there is a causal connection runing from the accumulaion of capital through retained profits to the pursuit of new types of business. Like other rational business enterprises, banks seek to enter new markets as and when they seem commercially attractive (Government controls permitting). If retained profits were sufficient to provide the necessary capital backing that would be splendid, but in practice in recent years banks have had to raise external capital on a substantial scale, even in years when profits have been comparatively good. If they should ever run out of profitable new markets it is harfly likely that they would go into unprofitable ones just because the capital was there.

Leslie W. Priestley,
The Committee of London Clearing Bankers.
10, Lombard Street, EC3.

The unwary financier

From Mr K. Shilleto

Sir,—Jeffrey Brown (Financiers take a wary view, June 3) *is a mite soft on the gullibility* of banks. A major contributory factor to the present shipping surplus, if seldom attributed, was the profusion of consultant and brokerage reports *(mea culpa)* that appeared during the early 1970s and which, to a lesser extent, are published today. The shipping market was grossly overwritten.

While individual Norwegian and Greek shipowners may have taken little account of all this fulmination, banks and corporate shipping companies—great natural consumers of paper — thrived on a diet of towering U.S. oil import projections and fabled Saudi production levels soaring to 20m barrels per day in the last quarter of this century. This grandiose verbiage poured out at a time when the banks were flush with money and an overfed bank is an incautious lender. See how the panic rerouteing of Arab funds after 1974 resulted in the same gaddarene lending to often profligate and irresponsible Eastern Bloc and Third World governments. That is not to accuse shipowners of these characteristics but one cannot blame someone for leaving his pockets unbuttoned when a madman insists on cramming them with free financial paper.

It is to be hoped, however, that the banks will not react against shipping but learn that it is a cyclical business. When you can buy a modern tanker for 7½ per cent of it's shipyard replacement cost, that is an investment that requires no fifty page analysis to justify.

You can always expect the unexpected in shipping and you have to if you are a banker.

Kevin Shilleto.
2, Mulberry Close, Beaufort St., SW3.

Cross-Channel links

From Mr A. Gueterbock

Sir,—Mr K. W. Groves (May 29) continues to extol the virtues of EuroRoute which he claims can be built in less time than a Channel tunnel.

This is a truly remarkable claim to be able to construct, in four years, a mix of bridges, artificial islands and tunnels under and over a stretch of 22 miles of water, when the construction time for a typical bridge spanning less than a mile of water takes about the same time.

Over the past months we have been assailed with the merits of British Steel's overly ambitious EuroRoute project to link Britain with France, a scheme so ambitious that it extends the known frontiers of technology.

Irrespective of ever being able to obtain permission to construct such permanent navigational hazards in the busiest international waterway in the world, through which over 500 vessels daily ply their trade, no immersed tube tunnel has ever been built in the open sea. Marine equipment capable of excavating a trench in the sea bed into which would be located 125 metres long, concrete tunnel sections in depth of water over 50 metres do not exist.

The cost estimates for a project of this magnitude and complexity can only be regarded as open - ended "guesstimates." The original cost of EuroRoute given in evidence before the House of Commons Select Commitee was estimated as being between £4.6bn and £6bn and confirmed as being within 20 per cent either wy of actual cost. This estimate was subsequently revised to £3.8bn—the figure currently bein promoted. Such a wide ranging fluctuation of estimates in a natter of months destroys all onfidence in the value of such fiures.

Mr Groves referrec to the public opinion polls, recently commissioned by EuroRoute in Britain and France, which it is claimed produced the, iot unexpected, result that the public demonstrated a marked preference for driving their veicles across the Channel. A esult which can only reflect on the credibility of public opinion polls; for as Mr Groves staed, 90 per cent of British freiht and passenger journeys re made by road. Such measurement of the obvious is a s relative to the issue as the resultant polling of a shoal of fis demonstrating a marked preference to water!

Any scheme for a permanent cross-Channel link must first stand the test of feasibility. If the problems surrounding EuroRoute could be resolved, irrespective of cost, to achieve the convenience of driving across the Channel, sea ferry operators on the short cross-Channel routes would be put out of business soon after its opening and the Dover Harbour Board would cease to have a future, creating mass unemployment and severe local hardships on both sides of the Channel. Sea-ferry operators and the Dover Harbour Board would, however, be able to co-exist profitably alongside a bored Channel tunnel even though, with roll-on roll-off capability for road vehicles, it would have an ultimate road vehicle throughput capacity equal to EuroRoute, at approximately a third of the cost.

Such a tunnel concept would be a low-technology project employing tried and proven methods of construction requiring none of the technological break-throughs associated with EuroRoute. These are decisive factors in the limitation of cost and programme over-run, particularly as the British half of the project has to be totally funded by the private sector without recourse to Government financial guarantees.

A. F. Gueterbock.
Channel Tunnel Developments (1981).
27, Hammersmith Grove, W6.

From the European Representative, Mid-Channel Access Corporation

Sir—Mr K. W. Groves' letter of May 29 about the EuroRoute rail and road cross-Channel plan makes a good point, if the French and British authorities re prepared to accept his alternative to a bored tunnel. Our Mid-Channel project is based o the assumption that the Gvernment will prefer a bored tunel. In that case, we can reuce the time of construction by two years and substantially incease the rate of return to investors. This will lessen the neec for the guarantees which bankers are now requesting—a prim factor in HMG holding up aproval of the project.

Al Daidson.
Mid-Chnnel Access Corporation,
5 Rue e la Manutention, Paris.

Regret for a name

From Mr P. Berliner

Sir,—There must be quite a few readers who will recall having benefited from the practical wisdom accumulated among the partners — there were only four! — and their staff at Sebag's tucked away in somewhat old-fashioned premises in Angel Court—hence this expression of regret that a name, for so long one of the City's "institutions," has now disappeared.

Peter Berliner.
110, Guildford Street, Bloomsbury.

Westland down by £6.4m at midway

Westland, the helicopter, hovercraft and control equipment and systems manufacturer, saw pre-tax profits for the six months to March 31, 1982, tumble from £12.43m to £6.05m as higher research and development costs of £9.24m against £4.48m and a swing from interest received of £1.38m to interest paid of £1.09m took their toll.

However, as pointed out at the last AGM by Lord Aldington, chairman, first half figures never give a true reflection of the group's full year result. He now reiterates his forecast that trading profits for the 12 months will increase slightly, but because of higher research and development expenditure and an adverse swing of about £3m in interest charges, taxable profits will be lower than last year's £29.99m.

Nevertheless, a much reduced tax charge is expected and a final dividend of not less than 4.5p net is forecast. This with the interim of 2.75p (2.5p) now declared would raise the total payment from 7p to not less than 7.25p net.

Lord Aldington explains that the difference between the two halves of the year arises from the pattern of deliveries which throws a higher trading profit into the second half, and from the special contribution of some £500,000 per months the company made to the international definition phase of the EH.101 which ended in March this year.

In the second six months expenditure on private venture research and development will be similar to that for the corresponding period of 1981.

HIGHLIGHTS

Lex looks at the proposed purchase by Security Pacific of California of a 29.9 per cent stake in Hoare Govett, the first such deal since the Stock Exchange opened its doors for outside capital to go above 10 per cent of a London stockbroker. Westland Aircraft's half time profits have been squeezed by a high level of research and development costs coinciding with a poor level of sales and orders. This has left pre-tax profits halved at £6m though the outlook for the second half is considerably brighter. Lex then goes on to review the tax changes made in the last Budget in the light of the growing feeling that they may not produce the hoped for help for the North Sea oil sector.

Orders generally are difficult to obtain but there continues to be inquiries for helicopters and, Lord Aldington says, he detects an increase in interest for hovercraft.

A breakdown of first half sales and operating profits, £124.13m (£118.39m) and £7.19m (£10.96m) respectively, shows by division (£000s omitted); helicopters £71,504 (£86,539) and £2,339 (£6,395); hovercraft £18,902 (£1,754) and £1,188 (£413); control equipment and systems £23,313 (£19,556) and £3,895 (£3,771) and other products £10,465 (£9,938) and £144 (£266). There was a charge for holding company and consolidated adjustment of £237,000 (£112,000 credit).

Pre-tax profits included a £48,000 loss on share of associates, compared with an £89,000 profit and, with a reduced tax charge of £1.21m (£4.37m), half yearly earnings per 25p share are stated at 6.1p (11.6p).

Minority profits totalled £1.2m (£1.16m) and there is an extraordinary debit this time of £1.61m, representing reorganisation costs including redundancies. After this, the attributable balance came through at £2.03m (£6.9m) which, with dividends costing £1.63m (£1.48m), left the profit retained at £397,000 (£5.42m). No CCA figures are published, but it is estimated that the taxable result on this basis would have been £3.1m.

As regards helicopters, Lord Aldington reports that budgeting problems in many parts of the world are continuing to delay the placing of defence helicopter orders, although a small order for Sea Kings has been placed.

Work on the production and marketing of the Westland 30 series 100 using the Rolls-Royce Gem 60 engine and on the Westland series 200 using the General Electric CT7 engine continues to programme. Inquiries for both versions remain at an encouraging level, he states.

The contract for the EH.101 Anglo-Italian project definition was completed in March, and the governments of the UK and Italy are considering joint proposals for the execution of the development programme. In the meantime, the contract has been extended to allow work on key items to continue while a decision is being reached.

Discussions with the government on the overall funding arrangements for the EH.101 and the Westland 30 ventures are at an advanced stage.

Deliveries of the remaining hovercraft of the Middle East order remain on schedule and the diesel engine AP 1-88 will begin trials shortly. This has generated an encouraging level of customer interest, says Lord Aldington.

Reporting on the system controls division, he says that during the first half the company received orders generally in line with its plan, but there has been a slackening of demand in the UK and overseas civil and defence aerospace markets.

The other products sector saw FPT Industries, Westland EMG (Belgium) and Westland-Sitec (Germany) continue to make satisfactory contributions to group profits.

Westland Engineers and Saunders-Roe Developments are still facing difficult trading. However, action taken to improve competitiveness is beginning to show results.

See Lex

Utd. Electronic falls £0.78m

THE DIFFICULT trading conditions experienced by United Electronic Holdings in the first six months, which resulted in a £271,000 shortfall in profits to £30,000, continued through the second half and for the full year to March 31 1982 the taxable surplus showed a sharp decline from £859,000 to £77,000.

Stated earnings per share dropped from 6p to 1.3p and a reduced final dividend of 0.35p (1p) makes a net total of 0.92p, compared with 1.57p.

Turnover of the group, an electronic equipment distributor, whose shares are traded on the USM, improved by £2.52m but margins generally came under pressure and start-up costs of £243,000 were incurred.

The year has started with signs of improved activity. However retailing activities in Tottenham Court Road are depressed by a low consumer spending and a number of less profitable outlets have been closed. In order to meet rapidly changing market conditions, the video film distribution business will be mainly concentrated on a London-based cash and carry depot and regionally franchised distributors. The longer term prospects for the group remain good.

Operating profits for the year under review came through well behind at £274,000 (£1.02m) and were subject to higher interest charges of £197,000 (£165,000). Net profits emerged at £128,000 (£611,000) after a tax credit of £51,000 (£248,000 charge).

Minorities accounted for £3,000 (£61,000) and extraordinary debits totalled £21,000 (£26,000 credit). Attributable balance was £104,000 (£576,000).

● **comment**

The collapse in profits at United Electronic Holdings was not unexpected and there was a slight recovery in volume and profits during the second half in the electronic components subsidiary. The company badly underestimated the start-up costs of Global Video with losses of £243,000, twice as high as had been allowed for. United's glamorous HiFi Care subsidiary was hit by disastrous sales at Christmas and stocks rose to £800,000 in this traditionally fast moving business. The recession looks as if it has finally arrived at Tottenham Court Road, so the company is looking to its electronic components mainstay. Some 75 per cent of United's assets are on the electronic side and the revival of the passive components market led to latest recording pre-tax profits of £204,000 on turnover of £6.227m. Meantime borrowings have crept up and gearing has got to an uncomfortable 71 per cent compared to 30 per cent last year. The share price was unchanged at 37p yesterday and the yield is 5 per cent.

W. Williams losses rise to £0.9m

The pessimism expressed at half time for the immediate future at W. Williams and Sons (Holdings) has been borne out by increased pre-tax losses of £896,054, against £754,973 for 1981.

Turnover slipped from £7.68m to £6.97m.

Losses per 25p share rose from 10.75p to 25.32p and there is again no dividend—the last payment was a final of 0.625p net in 1979.

The tax credit was reduced from £289,154 to £134,809.

Since last February the company, which has interests in non-ferrous metal diecasting and engineering, has been 51 per cent owned by C. Price and Son.

On a CCA basis the attributable loss emerged at £1.02m (£703,000).

Valor ahead and sees further upsurge

WITH second half pre-tax profits advancing from £1m to £1.41m, the Valor Company reports an increase from £1.53m to £2.11m in its figures for the year to March 31 1982. Turnover of this manufacturer of heating and cooking appliances rose from £48.75m to £51.14m. The final dividend is raised from 1.891p net to 2.175p for a total of 3.024p against 2.663p.

Mr Michael Montague, the chairman, says that with three new products in the pipeline and some small improvement in the economy, he sees another useful profit surge in the coming year.

At March 31, the group had cash balances of approximately £5m against £3.5m. Profits were more readily obtainable overseas as margins in the home market were low.

The year's trading profits increased from £4.3m to £4.78m, but this was before depreciation of £1.38m (£1.14m). The pre-tax figure was struck before financing charges up from £2.81m to £3.02m.

There was a tax charge of £486,784 (£532,230). Stated earnings per 25p share were up from 7.49p to 12.8p basic, and from 7.12p to 11.54p fully diluted.

Mr Montague comments: "I still think there is plenty to go for. Nearly all our factories are under-utilised, some quite considerably. If you have a factory maybe 50 per cent used, and you break even or make a small profit, just think what you could do if you get back to the demand level for which the factory was established."

● **comment**

Valor's improved performance overseas more than offset the continued effects of the recession on consumer spending at home. But the domestic side was also less grim in some respects: last year's acquisition of a gas meter conversion company has proved a success, with the advent of the £1 coin, and the arctic winter leading to a welcome reduction of stocks. Net cash is now around £5m, and Valor is prepared to grow by acquisition, but not by diversification. Valor's venture into gas production in Ohio has not gone quite as smoothly as expected, and it might be three or four years before the investment of £300,000 is recouped. Valor has put about £½m into its partnership with Union Oil. Drilling on Block 98/18 in the English Channel begins in September and Union is said to be "confident" about prospects. After the results the shares added 4p to reach a 1982 high of 69p, yielding 6.5 per cent on the increased dividend, and on a p/e of 8.

Pegler-Hattersley rises to £16m and lifts payout

WITH A £2.59m increase in second half taxable profits to £9.65m, Pegler-Hattersley finished the year to March 27, 1982, at £16.17m compared with £10.89m. Sales for the year rose from £112.4m to £120.17m.

Earnings per 25p share of this group which makes domestic heating and plumbing fittings, industrial valves and general products, are stated higher at 32.9p (23.4p) after tax. The final dividend is being raised from 5.5p to 6.75p net making a total of 10.75p (9.5p).

Trading profits rose from £4.43m to £7.47m and interest received from £1.02m to £3.15m though the contribution from associates fell to £5.19m (£6.15m). Additionally there was an estimated appreciation in metal stocks of £380,000 (£710,000 depreciation).

Tax took £6.01m (£3.66m) and minority debits amounted to £101,000 (£179,000). Last year there was also an extraordinary credit of £1.5m.

Current cost adjustments reduced the pre-tax profits to £9m (£3.12m).

● **comment**

Most of the 68 per cent jump in trading profit at Pegler-Hattersley stemmed from cuts in operating costs. In the main manufacturing business of building products there was little change in demand but overheads were trimmed substantially by reducing the workforce and concentrating production at fewer locations. Distribution gained from higher turnover, though margins were narrower, but the industrial side performed poorly because of very depressed demand. The group's pre-tax advance was aided by a rise of some [illegible] from the associates remaining after the sale of the 49 per cent stake in McVoy Oilfield Equipment and the proceeds of the latter boosted interest income. Though the company has achieved some recovery to the £18m peak of 1977, and the full benefit of [illegible] there has been no sign of a [illegible] upturn in demand. When this occurs the group will be well placed to make strong gains. Meanwhile the search for acquisitions in the U.S. and Europe goes on. Yesterday the shares were up 8p to a new year high of 228p, yielding 7.1 per cent.

Brownlee dives to £462,000

FOLLOWING A fall in trading profits from £1.53m to £841,000 and a rise in associate losses from £47,000 to £233,000, the taxable surplus of timber merchant Brownlee dived from £1.41m to £462,000 in the year to March 27 1982. Turnover remained roughly unchanged at £23.86m compared with £23.64m.

However, despite a slide in earnings per 25p share from 10.9p to 3.5p, the final dividend of this Glasgow based group is being maintained at 3p net making a same again total of 3.7p.

The associate losses were incurred by 40 per cent owned Smurfit Corrugated Cases (Scotland)—the group's other associate Burnbank Joinery Centre making satisfactory profits.

Mr J. F. McLelland, chairman, says that since the prospects of recovery by Smurfit will be long term, the directors have decided to withdraw from the association. The group has therefore entered into negotiations for the sale of its holding and the investment has been written down to its estimated net realisable value.

Looking to the current year Mr J. F. McLelland says prediction is not easy. Domestic demand has been lethargic but in recent weeks there has been an appreciable increase in demand from the private sector building industry.

The trend in Scotland is likely to be that a higher proportion of new houses will be provided by the private rather than the public sector compared with previous years.

In the meantime he says there are no discernible signs of increased public spending on construction, but the group is continuing to improve methods and procedures to keep overheads to a minimum.

Pre-tax profits were struck after interest of £56,000 (£77,000) and tax took £94,000 (£247,000). There were also extraordinary debits of £22,000 (nil) being attributable profits of £356,000 (£1.16m).

In the year under review Mr McLelland says despite vigorous measures to contain costs by reductions in numbers employed and close attention to the control of working capital satisfactory margins were hard to achieve against fierce competition. At the half year stage the group was already behind with pre-tax profits of £452,000 (£912,000).

Current cost adjustments reduced full year earnings per share to 1.4p (5.3p).

Gieves' losses fall to £0.46m

WITH SECOND half taxable profits of £144,000, against losses of £642,000, Gieves Group finished the year to January 31 1982 with losses of £461,000 compared with £1.09m. Turnover for the 12 months fell from £39.34m to £24.09m.

However, despite the improvement in the latter half the directors are not recommending a dividend payment for the year.

A breakdown of the 12-month turnover figure and trading losses of £56,000 (£281,000) shows: Gieves and Hawkes, tailor and outfitter, £6.63m (£6.73m) and profit £272,000 (£385,000); Redwood Burn, book and magazine manufacturer £7.04m (£8.08m) and £355,000 losses (£191,000); Chivers Book Sales, publisher and book seller £1.86m (£2.72m) and profit £101,000 (£316,000 losses); Roundabout Garages, motor dealer and car park operator, £8.57m (£21.82m) and profit £80,000 (£227,000 losses); and central expenses less rent received £154,000 losses (£32,000).

Mr Michael Keeling, chairman, says that most of the group's activities have started the current year on a noticeably better tone, and accordingly hope for a return to profitability and dividend payments.

He says the Redwood Burn losses were due almost entirely to its Esher bindery prior to closure in July 1981.

The taxable profits were struck after interest payable of £405,000 (£810,000). There was an exceptional credit not included in these profits of £170,000 (nil) for insurance receipts in respect of a fire four years ago. There was a tax credit of £255,000 (£970,000), leaving net losses of £36,000 (£121,000).

Borrowings were reduced during the year from £3.3m to £1.3m and the liquid position has been further strengthened since the year-end by the sale of a vacant garage property for £520,000.

Eva losses lower at £0.9m

EXCLUDING losses from its Brazilian companies of £611,000, against previous profits of £365,000, Eva Industries has made lower pre-tax losses of £86,000 for the year to March 31, 1982. This compares with losses of £760,000.

Sales of this maker of hand tools moved down from £23.08m to £22.6m. In the second half pre-tax losses fell from £529,000 to £73,000.

There is no dividend—last year the final of 1p was also the total. Losses per 25p share are shown as reduced from 13.1p to 1.2p.

The directors feel that significant progress has been made in eliminating loss-making operations and the group is set to take advantage of any upturn in the economy.

The sector of the UK in which the group operates did not improve during the year, and in some areas significantly deteriorated. Mr. R. Astley, chairman, points out that average steel output is still declining at about 5 per cent every month.

Motor output in the first four months of 1982 was 4.5 per cent below even the levels achieved in 1981. Although in general the principal companies performed well, taking into account the recession, in the peripheral companies the year was characterised by contraction and closures.

Pre-tax losses were struck after reduced profits from continuing activities of £760,000, against £766,000, and loses from discontinued activitis of £231,000, against £560,00.

The debit for UK redundancy and severance costs fell from £293,000 to £30,000. Iterest was lower at £585,000, compared with £673,000.

There was a credit for UK tax of £85,000, against a charge of £277,000 last time The overseas charge was sightly higher at £86,000, comared with £85,000.

The loss after ax was much lower at £87,000, compared with a previous £1.12m. Minority debits rose from £10,000 to £17,000, and extraordinary debits from £762,000 to £831,000.

Yearlings total £18.9m

Yearlings bonds totalling £18.9m at 12¾ per cent redeemable on June 15 1983 have been issued this week by the following local authorities.

City of Glasgow District Council £1.25m; City of Liverpool £2; Wigan Metropolitan Borough Council £1m; Aylesbury Vale District Council £1m; London Borough of Southwark £1m; Breckland District Council £0.25m; Banff & Buchan District Council £0.5m; Gravesham Borough Council £0.5m; Kettering Borough Council £0.3m; London Borough of Newham £0.75m; North Bedfordshire Borough Council £0.5m; London Borough of Haringey £2m; Alnwick District Council £0.1m; Chiltern District Council £0.5m; London Borough of Greenwich £1m; Test Valley Borough Council £0.5m; Gillingham Borough Council £0.5m.

London Borough of Redbridge £0.5m; West Yorkshire Metropolitan County Council £0.75m; London Borough of Enfield £1m; City of Leeds £2m; North Tyneside Metropolitan Borough Council £0.5m; Royal Borough of Kensington and Chelsea £0.5m.

London Borough of Haringey has issued £2m of 13¼ per cent bonds at par for redemption on June 6 1984. North Tyneside Metropolitan has also placed £1m of bonds at 13¼ per cent for redemption on June 4 1982 at par.

United Spring shows £32,000 interim profit

IN LINE with the prediction at the last year end that the first six months should see a return to profitability United Spring and Steel Group showed pre-tax profits of £32,000 for the half year to March 31 1982. This compares with previous losses of £179,000.

"In the absence of any positive indication that the economy is improving," says Mr D. Westwood, chairman, "the remainder of the financial year will continue to be difficult." The directors have decided to defer any decision on dividends until the final results are known.

Earnings per 10p share were given as 0.33p (losses 1.62p).

Operational profits during the first half improved and Mr Westwood says that efforts to eliminate losses of the UK spring companies have largely been successful.

Unfortunately the effect of trading losses and reorganisation costs at the Dutch company have undermined that division's results.

The performance of the recent U.S. acquisition has been disappointing says Mr Westwood, due to the recession there, but he remains confident of its future value.

The steel division should continue to trade profitably although there are some signs that demand is slackening.

Group sales rose sharply from £9.79m to £13.56m. An analysis of sales and operating profit by division shows: steel £8.5m (£8.15m) and £372,000 (£240,000); spring £4.46m (£3.64m) and £35,000 loss (£353,000 loss); engineering £600,000 (nil) and £19,000 loss (nil).

Interest charges fell from £166,000 to £152,000 which left profits of £166,000 (£179,000 losses). There was an exceptional debit this time of £134,000.

Last time there was a charge for tax of £30,000. Retained earnings emerged at £45,080 against previous losses of £219,000.

Midway setback for Everards

Taxable prcits of Everards Brewery declied from £651,200 to £611,900 for the six months to March 31 1982, reflecting the severe winter weather and costs incurred in developing the group's premises at Castle Acres.

Turnover for the period advanced from £6.65m to £7.87m. Tax took £02,000 (£330,000) but there were extraordinary credits of £17,50 (nil) after which there was a surplus much the same at £27,400 (£31,200).

Camford deeper in the red and closes foundry

PRE-TAX losses at Camford Engineering increased from £28000 to £639,000 in the half-year to March 31 1982. In the year to September 30 1981 the group, which manufactures metal pressings, stampings, machined parts and assemblies, had losses of £1.46m against profits of £76,000.

The directors say a substantial proportion of the losses incurred during the past 18 months has been attributed to the foundry at Hemel Hempstead, and it has proved impossible in current trading conditions to reduce those losses to an acceptable level.

They say that a decision has therefore been taken to close down the foundry operation with effect from September and the group has started preliminary negotiations for the disposal of the foundry business and assets. The group has also disposed of its 50 per cent interest in Gillet, Pre-Star and Co at cost.

The disposal has not, in the opinion of the directors, materially affected the financial position. Further losses and redundancy costs will be incurred in the running down of foundry operations, but they say the remainder of the group is now trading profitably and the directors expect trading results for the second six months to show a marked improvement.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ariel Inds.	0.81	Sept 17	0.81	1.35	1.35
Blyvoor	90¶	July 30	100	190	260
Brownlee	3	July 15	3	3.7	3.7
Carless Capel	1.75†	July 29	1.75	2.75	2.75
Comet Group ... int.	1.47	July 30	1.47	—	4
Cullen's Stores	3.6	—	3.6	4.3	4.3
Doornfontein	120¶	Aug 4	200	200	335
Driefontein	135¶	Aug 4	135‖	235	135‖
East Rand Pty.	Nil¶	—	50	—	50
Eva Industries	Nil	—	1	Nil	1
Highams	2.78	July 28	2.78	3.58	3.58
Kloof	150¶	Aug 4	240	270	400
Libanon	140¶	Aug 4	200	220	330
Pegler Hattersley	6.75	Aug 6	5.5	10.75	9.5
Utd. Electronic Hldgs.‡	0.35	Aug 6	1	0.92	1.57
United Spring ... int.	Nil	—	Nil	—	0.
Valor Co.	2.18	—	1.89	3.02	2.6
Ventersport	55¶	Aug 4	135	90	35
Westland ... int.	2.75	July 30	2.5	—§	

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stoc. § Not less than 7.25p forecast. ¶ South African cents throughot. ‖ For six months.

SPAIN

June 9	Price %	+ or −
Banco Bilbao	355	−1
Banco Central	340	−2
Banco Exterior	306	−3
Banco Hispano	316	
Banco Ind. Cat.	114	
Banco Santander	336	+5
Banco Urquijo	189	−2
Banco Vizcaya	368	
Banco Zaragoza	250	
Dragados	140	
Espanola Zinc	70	
Fecsa	66.7	+0.7
Gal. Preciados	34	
Hidrola	64	−2
Iberduero	50.2	−0.8
Petroleos	85.2	−1.3
Petroliber	99	
Sogefisa	10	
Telefonica	71.0	+0.3
Union Elect.	60	−1

LADBROKE INDEX
Close 586-591 (−3)

THE TRING HALL USM INDEX
126.2 (unch.)
Close of business 9/6/82
BASE DATE 10/11/80 100
Tel: 01-638 1591

MINING NEWS

Agnico-Eagle's faith in gold

BY KENNETH MARSTON, MINING EDITOR

UNDISMAYED by the fall in prices of gold and silver which resulted in last year's net profits dropping to C$4.5m (£2m) or 32 cents per share, from C$18m in 1980, Canada's Agnico-Eagle Mines has embarked on a production expansion phase.

The groundwork for this was laid last year in accelerated underground exploration and mine development programmes which will be continued in the current year. Work also continues on the new C$12m No. 2 shaft at the Eagle gold mine which is due to be completed by the end of 1983.

Mr Paul Penna, president of Agnico-Eagle, says: "It is inevitable that the downturn in bullion prices will be reversed when interest rates are brought back to normal levels with a resultant restoration of economic activity and growth. The real fundamentals underlying the established pattern of steady appreciation in the international value and importance of gold remain unchanged."

Because efforts were concentrated on underground development work rather than on gold production during last year's fall in bullion prices, the amount of ore milled fell by 19 per cent to 290,480 tons. This, together with the effects of a reduced grade of ore, resulted in gold production falling to 40,328 oz, from 55,190 oz.

This year, however, it is intend to raise ore milling to an annual rate of 432,000 tons and this should produce a further reduction in unit costs. Output of precious metals should also increase but that of silver may continue to be stockpiled until the metal price improves; the value of bullion and concentrates on hand rose to C$1.86m last year from C$858,337.

Meanwhile, Agnico-Eagle has embarked on a resort development venture on Providenciales Island at the Turks and Caicos Islands in the British West Indies. Parcels of land have been acquired for some $800,000 and it is intended to carry out holiday hotel-apartment development.

Teck arranges the bank finance for Bullmoose

CANADA'S Teck Corporation reports that it has now arranged with a consortium of banks the financing for its 51 per cent share of the C$300m (£133.5m) Bullmoose coking and steam coal project in north-east British Columbia, reports John Soganich from Toronto.

Lornex Mining has a 39 per cent stake in Bullmoose with Japan's Nissho-Iwai holding the remaining 10 per cent.

Teck says that the project is proceeding on schedule. Site clearing for the coal washing plant is well under way and contracts have been awarded for construction.

The townsite, rail and port infrastructure programmes are also on schedule. They also relate to the big Quintette coal mining development in the area which is being carried out by Denison Mines and associates.

Dr Norman B. Keevil, president of Teck, points out that the completion of the Bullmoose mine will provide the company with a stable earnings base to level out the cyclical extremes occasionally experienced in the metals side of the business.

RESULTS AND ACCOUNTS IN BRIEF

GASKELL BROADLOOM (carpet maker and distributor)—Results for 1981 already known. Fixed assets £3.23m (£3.44m): Current assets £7.83m (£8.75m). Current liabilities £3.96m (£4.61m) including bank overdrafts £1.96m (£1.25m). Shareholders' funds £5.33m (£5.24m). Decrease in net liquid funds £1.09m (£872,000 increase). Meeting: Blackburn, June 25, noon.

COMBINED ENGLISH STORES GROUP—Results for year to January 30 1982 and prospects already known. Group fixed assets £13.49m (£13.88m), net current assets £13.09m (£12.44m), stock £20.89m (£18.24m). Shareholders' funds £26.41m (£27.88m). Decrease in net liquid funds £7.18m (£0.87m). Capital commitments £1.44m (£2.51m). Meeting. Institute of Directors, 116 Pall Mall, SW, July 1, noon.

BRITISH HOME STORES—Results for the year to April 3 1982 already known. Shareholders' funds £188.41m (£150.33m). Fixed assets £132.96m (£121.41m). Net current assets £46.12m (£41.06m), including cash and short-term deposits £39.74m (£24.38m). Net decrease in working capital £4.12m (£2.13m), including decrease in stocks £2.7m (£834,000). Retiring chairman, Sir Jack Callard, says forecasts for retail volume sales in 1982 suggest no increase. He adds that group has financial strength to ensure continued refurbishment and expansion of stores. Sir Jack will be succeeded by Sir Maurice Hodgson, who joined the board in April, after the annual meeting to be held at the Connaught Rooms, WC, on June 30, at 11.30 am.

SCOTTISH AGRICULTURAL SECURITIES CORPORATION—Results for the year to March 31 1982 already known. Fixed assets £16.97m (£17.05m). Net current liabilities £572,000 (£1.85m). Decrease in working capital £77,000 (£3,000). Meeting: Edinburgh, June 29, 2.45 pm.

BAMBERS STORES—Results for year ended February 6 1982 already known. Group fixed assets £20.32m (£16.05m): net current assets £6.22m (£4.27m): shareholders' funds £20.46m (£17.4m). Meeting, Great Eastern Hotel, EC, July 6 at noon.

Jewellery sector causes sharp decline at Comet

SHARPLY LOWER first half profits were returned by Comet Group following serious difficulties in its jewellery division. At the pre-tax level they emerged £1.63m down at £4.11m although turnover for the period to February 27, 1982 came through well ahead at £135.02m, compared with £118.14m.

The directors say that the continued fall in the price of gold reduced the group's margins on sales explaining that the gold was purchased at a higher price than currently prevails.

They add that further costs were incurred in closing another factory and that the U.S. subsidiary is also being shut down. These actions, they point out, reduced group profits by £820,000.

Although further losses will be incurred during the second half, a substantial improvement is expected by the division thereafter.

On the outlook for the group as a whole the directors expect the continued squeeze on real incomes to have an effect on sales—apart from jewellery, the group retails electrical goods, gas appliances and home improvement products.

Although they do not foresee a rapid improvement in current conditions they expect the 14.3 per cent increase in first half turnover to be exceeded in the second six months. They conclude that actions taken will improve the situations of the group's newer divisions.

Meanwhile, the net interim dividend is being held at 1.47p per 5p share—a final of 2.53p was paid for 1980/81 from pre-tax profits of £7.21m. First half earnings per share are given as 9.7p (13.7p).

Tax took £187,000 (£197,000) and after dividend payments of £436,000 (same) the retained balance showed a drop from £5.11m to £3.49m.

The electrical stores traded satisfactorily. Profits increased and turnover was substantially ahead. Timberland and James McOnomy incurred costs as a result of corrective actions and returned increased losses, but both divisions are now showing "improving trends."

Ideal Timber, which has reduced its dependence upon internal trade, increased its turnover to external customers substantially. The offtake by Timberland was reduced and although Ideal's profits fell, growth is expected to resume "very shortly."

Polarcold remained profitable, but the effects of the recession reduced its profit contribution. The remaining group companies did not affect its affairs materially.

Shareholders' funds at February 27 are shown as £35m (£31.08m) and net current assets at £20.15m (£23.11m).

● comment

The cost of sorting out the trouble spots at Comet appear to have fallen more heavily in the first half than some analysts had anticipated. However if, as the company intends, these measures are once-and-for-all then in the context of the year as a whole it is simply a matter of timing. The current year should, therefore, prove to be the bottom of the company's profits trough with a substantial upturn possible in 1982-83. Fortunately the major activity of electrical stores performed well during the half year with buoyant consumer spending raising volume which, because of further tightening of productivity, translated into profit gains. Also the strong cash position remains a sizable contributor. Surgery and new management at the loss makers are unlikely to have any significant effect on the second half, especially at McOnomy where the testing period will be next Christmas. Expectations must, therefore, be for a little changed second six months against a year ago, leaving the pre-tax outcome around £5.5m. Yesterday the shares rose 1p to 114p for a fully taxed prospective p/e looking to better times at 17.

WELLCO

At an extraordinary meeting of Wellco Holdings held in London today, all the resolutions relating to the proposed structural reorganisation of the company, were unanimously passed. These included the proposed change of name of the company to Grosvenor Group.

Audiotronic losses rise to £0.25m

PRE-TAX losses of Audiotronic Holdings, the electronics distributor, rose from £73,000 to £251,000 in the year to March 1 1982—including losses of £320,000 compared with £84,000, for companies which have ceased trading or been disposed of since the year end.

With losses per share stated at 4.2p (0.2p) the dividend is again being missed.

The year's turnover fell from £12.59m to £8.47m including £5.92m (£10.07m) for the closed-down or disposed-of subsidiaries.

The taxable losses were struck after an exceptional debit of £15,000 (£153,000 credit). There was a tax credit of £28,000 (£156,000) leaving net losses of £238,000 (£236,000 profits).

As reported on May 25 Audiotronic sold its loss-making Dutch retail subsidiary Allwave for £34,000. The difference between the net assets of Allwave at the year end and the sale proceeds had been charged as an extraordinary debit of £203,000—last year there was an extraordinary credit of £28,000. Of the £320,000 losses incurred by subsidiaries closed down or sold since the year end, Allwave contributed £264,000.

Also reported on May 25, Audiotronic plans a major capital restructuring which would include the raising of about £400,000, although details of this have still to be settled.

Carless Capel down at £1.79m

AS FORECAST at the time of the group's rights issue last May, pre-tax profits at Carless Capel and Leonard were £1.79m for the year to March 31 1982. This compares with previous profits of £4.8m. Turnover moved ahead from £57.63m to £74.84m.

The dividend has been held at 2.75p with a same-again final of 1.75p net on capital enlarged by the rights issue. Earnings per 10p share were shown as falling from 10.7p to 9p.

The directors state that they intend to at least maintain the current level of dividend for next year.

The group continue to hold its share of markets and is ready to take advantage of any upturn in the UK economy, say the directors. They point out that the results were achieved in difficult trading conditions which are still being experienced by oil and petrochemicals.

They add that commissioning trials on the £2.3m extraction plant at Harwich refinery are well advanced, which will be fully operational within a month.

Since November 1981 Carless Exploration has drilled four UK wells, three of which were successful and the fourth, an appraisal well at Humbly Grove, flowed 750 bopd. Two offshore wells in the North Sea on block 16/21b flowed on test 6,450 and 5,100 bopd respectively. The company has confirmed an extension of the adjacent Balmoral field.

In the U.S. an independent evaluation of Carless Resources Oil and Gas Properties as of April 1 1982 estimated that developed and proven producing reserves exceed 4.5bn cubic feet of oil.

A net cash flow of $6m is anticipated from these properties in the year starting April 1 1982 which will make a substantial profit contribution during this year, say the directors.

● comment

As forecast at the time of the recent rights issue, Carless has turned in a dull set of figures. The company's traditional businesses—*petroleum products* and chemicals — remain soggy and show little signs of a pick-up. The shares, down 1p to 177p yesterday, still float on a sky-high rating which anticipates pyrotechnies from the company's oil and gas activities. News on the second appraisal well at Humbly Grove is expected next week, while a third well should be completed in the autumn. The drilling then moves over to an adjacent area with the company expecting to sink at least five new holes in the full year. Nonetheless, *shareholders should* not expect profits to flow from Humbly until the end of 1984. In the meantime, the U.S. activities are providing a comfortable cash flow and could add as much as £1.5m to this year's pre-tax total. This points to about £3.5m for the year. The yield is about 2.2 per cent.

UK COMPANY NEWS

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	—	—	7	48	—	—	$328
GOLD C	$325	1	20 B	3	35 B	—	—	"
GOLD C	$350	20	10	1	21	—	—	"
GOLD C	$375	—	—	12	13	—	—	"
GOLD C	$400	2	2.50	—	—	—	—	"
GOLD P	$325	—	—	32	18.50 A	—	—	"
GOLD P	$350	16	30	—	—	—	—	"
12½ NL 81 87-91								
C	F.107.50	110	4.10	—	—	—	—	F.111.60
C	F.110	100	2.40	3	2.70	—	—	"
C	F.112.50	100	0.50	110	1.30	—	—	"
C	F.117.50	—	—	300	0.30	—	—	"
P	F.107.50	—	—	40	1	—	—	"
P	F.110	110	1	105	1.40	—	—	"
10½ NL 80 86-95								
P	F.102.50	30	2.40	—	—	—	—	F.100.80
11¼ NL 82 88-92								
C	F.105	—	—	900	0.60	—	—	F.102.60
P	F.100	40	0.30	10	0.90	—	—	"
10 NL 82 86-89								
P	F.97.50	100	0.60	200	1	—	—	F.98.10
		July		Oct.		Jan.		
ABN C	F.300	—	—	5	4.50	—	—	F.266
ABN P	F.280	80	2	10	7	—	—	"
AKZO C	F.22.50	100	1.80	—	—	—	—	F.23.70
AKZO C	F.25	16	0.40	60	1.40	70	1.80	"
AKZO C	F.30	5	0.20	—	—	—	—	"
AKZO C	F.32.50	—	—	5	0.30	5	0.70	"
AKZO P	F.25	—	—	—	—	5	2.40	"
AKZO P	F.27.50	8	3.60	—	—	—	—	"
AMRO C	F.50	8	0.80	3	1.70	—	—	F.49.50
AMRO C	F.55	—	—	15	0.80	—	—	"
AMRO P	F.55	—	—	2	5.90	—	—	"
HEIN P	F.50	—	—	10	0.50	—	—	F.59.50
HEIN P	F.55	10	0.50	5	1.40	—	—	"
HOOG C	F.15	—	—	5	1.40	—	—	F.14.90
HOOG C	F.17.50	—	—	50	0.60	—	—	"
KLM C	F.90	24	5.50 B	2	9.80 B	4	11	F.93.50
KLM C	F.100	72	2.50 A	32	5.70	—	—	"
KLM C	F.110	5	1	10	2.40	—	—	"
KLM C	F.120	—	—	4	1.50	—	—	"
KLM P	F.80	15	0.80	—	—	—	—	"
KLM P	F.90	29	2.50 B	50	5	—	—	"
KLM P	F.100	22	8.20	13	10.20	—	—	"
NEDL C	F.120	—	—	6	4.50	6	6	F.114
NEDL P	F.110	77	1.10	—	—	8	4	"
NEDL P	F.120	6	15.10	30	13.80	—	—	"
PHIL C	F.22.50	—	—	75	1.70	210	2.50	F23
PHIL C	F.25	20	0.10	70	0.80	75	1	"
PHIL C	F.27.50	—	—	10	0.30	—	—	"
PHIL P	F.22.50	—	—	40	0.80	133	1	"
PHIL P	F.25	—	—	150	2.20	28	2.40	"
PHIL P	F.27.50	10	4.60	—	—	—	—	"
RD C	F.80	37	11.50	10	12	—	—	F90.90
RD C	F.90	196	2.90	15	4.70	10	5.60	"
RD C	F.100	—	—	—	—	6	2.40	"
RD P	F.80	—	—	24	1	—	—	"
RD P	F.90	9	1.80	—	—	7	4.80	"
RD P	F.100	45	9.30	—	—	—	—	"
UNIL C	F.150	19	1.50	—	—	—	—	F.145
UNIL C	F.140	40	1	—	—	—	—	"
UNIL P	F.150	—	—	5	7	—	—	"
UNIL P	F.160	10	15	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 4529

A=Asked B=Bid C=Call P=Put

REPORTS TO MEETINGS

BAT repulses query on smoking policies

BAT Industries yesterday repulsed an attempt by dissident shareholders to get the company to provide a report on its policy on encouraging smoking in developing countries.

The World Development Movement, whose aim is to "help the world's poor in their struggle to escape from poverty," had tabled a resolution calling for BAT to explain its policy on expanding cigarette markets in developing countries, on its advertising practices and on its response to World Health Organisation recommendations on smoking.

Shareholders at yesterday's annual meeting rejected the resolution by a large majority.

BAT chairman, Sir Peter Macadam, who had offered to make a report available if the WDA withdrew its formal resolution, did however outline company policy to the meeting.

BAT's tobacco companies conformed strictly to the laws of the countries in which they operate, and maintain a close dialogue with ministers and officials, Sir Peter said.

Promotion of BAT products reflected local practice and government policy, and the company complied with advertising codes of practice where they exist, he added.

The board said it foresaw progress in all the company's businesses this year, but did not expect the overall picture to show quite the same excellent rate of improvement as was achieved in 1981.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Fairline Boats, Northern Foods, Sidlaw, Sonic Sound.

Finals: Applied Computer Techniques, Barlow Holdings, Brown Shipley, Chapman Industries, A. Cohen, B. Elliott, James Finlay, Hill Samuel, LCP, Leigh Interests, Plysu, Rolfe and Nolan Computer Services; 600 Group, J. W. Spear.

FUTURE DATES

Interims:

Union Discount .... July 21

Finals:

Alpine Soft Drinks .... June 16
Baker Perkins .... June 24
Bisichi Tin .... June 11
British and American Film ... June 17
British Benzol Carbonising ... June 21
Crosby Woodfield .... June 15
Elswick-Hopper .... †June 14
Holden (Arthur) .... June 29
UKO International .... June 11
Walker and Staff .... June 21

† Amended.

Ottoman looks to hive off network in Turkey

THE Turkish-registered Ottoman Bank has reopened talks aimed at hiving off the bank's branch network in Turkey at a separate company, the bank shareholders were told in London yesterday.

The bank, which has been the centre of some controversy in recent years over the size of its hidden reserves, has been involved in negotiations aimed at transforming its extensive branch network in Istanbul and elsewhere in Turkey "into a bank under Turkish law in which Turkish investors would hold a majority of the capital" with Ottoman retaining "a substantial minority."

The bank's annual meeting was told that these talks had made "favourable progress" but have not yet reached a definite conclusion.

Ottoman's accounts once again do not reveal much about the bank's operations. The bank, which has two major subsidiaries, Plageifin registered in Luxembourg and Turizm ve Otelcilik in Turkey, does not produce consolidated accounts.

The accounts do state that "after providing for tax and constituting necessary provisions out of revenue and reserves" profits increased by 54 per cent to £3.73m in 1981.

Norton Warburg

DISTRIBUTIONS to the unsecured creditors of the Norton Warburg group of companies are likely to be "very small," the joint liquidators of the crashed investment management operation say in a letter which has been sent to all known creditors.

Referring to the deficiency against book values of £4.3m which was estimated at a meeting in March last year, Mr James Clement of Robson Rhodes and Mr Gerhard Weiss of Cork Gully say that "realisations are expected to be less and the deficiency greater" without taking into account expenses or the possibility of claims against third parties.

"Progress during the first year of the liquidations in realising available assets and identifying preferential and unsecured claims against the companies, has been slow and laborious," they add.

Creditors' meetings of the four companies — Norton Warburg Holdings, Norton Warburg, Norton Warburg Investment Management and Norton Warburg (Bristol) will be held on June 21.

BIDS AND DEALS

Braid gives reasons for rejecting Lookers

Braid Group, the Liverpool vehicle distributor which is fighting off a bid from its Manchester-based rival Lookers, yesterday released detailed reasons for its opposition.

A return to profit in the first four months of 1982 and a revaluation of Braid's property assets means that Lookers' £3.1m bid does not represent a fair valuation of the company, Braid said in a document to shareholders.

Braid also took the unusual step of writing directly to Lookers' shareholders urging them to vote against their board's takeover plans at an extraordinary meeting called for June 16.

The group revealed that negotiations with Ford over a third dealership had been suspended since the Lookers' bid. It earlier said a takeover by Lookers would lead to the loss of its Ford franchise in Macclesfield. Lookers is the "preferred" candidate however to continue Braid's third dealership at Burton-on-Trent.

Braid also said it had carried out major refurbishments on some of its premises, had made capital investments worth £2m over the past three years and had cut its workforce by 20 per cent in the same period.

It reported unaudited pre-tax profit of £34,000 in the four months to April 30, comprising an £82,000 profit on continuing operations and a loss of £48,000 on discounted activities. This compares with a loss of £47,000 in the same 1981 period, of which £11,000 came from continuing operations and the rest from discontinued business.

However, in the six months to March 31, the first half of the company's book year, it made an attributable loss of £303,170 compared with a loss of £228,657 in the same 1981 period. This "untimely and unfortunate" increase resulted from the bad winter weather, Braid said.

A property valuation commissioned ahead of Lookers' bid showed a surplus over book value of £965,000 while other property being sold will yield £470,000 — £124,000 more than book value. This gives Braid's ordinary shares a net asset value of 98p compared with Lookers' offer of 50p, Braid said.

Mr Ken Martindale, Lookers' managing director, said he was "not impressed" with Braid's report of profits in the first four months. "The seasonal nature of the motor trade means months cannot be taken in isolation," he said.

Since Lookers has no plans to sell off Braid's assets the property revaluation is not relevant, he added.

Ever Ready moving plans redundancies

British Ever Ready, the battery maker recently acquired by Hanson Trust, yesterday announced plans to move its head office at Whetstone and its group technical centre at Tottenham to Tanfield Lea in County Durham.

This move, which should be completed by the end of the year, is expected to lead to redundancies at both existing centres. Whetstone and Tottenham together employ 500 people but only 250 will be offered jobs at the north-east plant.

Ever Ready also expects it will be forced to make half of the 300-strong workforce of its Cramic Engineering subsidiary redundant.

Electronic Rentals' EGM

Full offer documents of the agreed bid by Electronic Rentals Group for London and Montrose Trust were sent out to shareholders yesterday. Acceptances must be received not later than 3 pm on Wednesday June 30.

An extraordinary general meeting of London and Montrose Trust will be held at the P & O Building, 122, Leadenhall Street, London, on Friday July 2 at 10 am. An EGM of the Electronic Rentals Group will be held at the Great Eastern Hotel, Liverpool Street, London, also on the same day at 11 am.

EXCO TAKES CONTROL OF RFA GODSELL

Godsell Australia, a wholly owned subsidiary of Exco International, has increased its holding in R. F. A. Godsell Pty, based in Sydney, to 57½ per cent from the previous 50-50 shareholding between R. F. Arthur Securities and Godsell Australia.

Mr John O'Neill, a director of Exco, says "it is intended that the company will start an international money broking service in view of the strength of Exco in the Far East and the board's confidence in the future of Australia."

VICKERS DA COSTA OPCLEAR TAKEOVER

Following the cessation of trading of Carr Sebag and Co, Opclear — a major clearing agency in the London Traded Options Market—has been taken over by Vickers Da Costa and the services of clearing and floor-broking will continue uninterrupted. Opclear was formerly a joint venture of Vickers Da Costa and Carr Sebag.

Liberty Life pushes up Sun Life stake to 24%

Transatlantic Insurance Holdings, the European arm of Liberty Life Association of Africa has acquired a further 600,000 shares in Sun Life Assurance Society. This brings its holding to 13.74m shares—23.85 per cent of the equity.

Liberty Life of Africa, the largest quoted and the third largest life company in South Africa, has been steadily acquiring shares in Sun Life since October 1980 when it acquired a 10.2 per cent stake, mostly from the Kuwait Investment Office.

Mr Donald Gordon, chairman of Liberty Life of Africa, said in London yesterday that he still regarded Sun Life as a trade investment and the holding as part of Liberty's plans to expand its insurance and financial involvement outside South Africa. He indicated that Liberty could acquire between 25 and 30 per cent of Sun Life.

He had no intention at present of participating directly in the management of Sun Life. Liberty up to now has not sought representation on the board of Sun Life.

Mr R. F. C. Zamboni, managing director of Sun Life, confirmed that the board had had no direct or formal discussions with Liberty Life of Africa.

Universal Insurance aims for general market

Hill Samuel Group and Petrofina Group have established a general insurance company—Universal Insurance Company—to transact direct non-life and reinsurance business in the London and international markets from June 14. The company has been licensed to underwrite all the major classes of direct non-life insurance and both treaty and facultative reinsurance worldwide.

Initially, UIC will specialise in commercial property and casualty risks, but intends to broaden its scope to other major classes, including marine and aviation.

The authorised share capital is £10m in 10m shares of £1 of which 4.5m have been issued—3m fully paid and 1.5m 1p paid. The shares are held equally between Hill Samuel and Petrofina (UK).

Petrofina has a number of insurance activities, including various captive insurance operations and broking companies in London and the continent. This is the first venture by Hill Samuel into direct non-life insurance underwriting, though it has insurance broking and underwriting agencies within its group as well as a life company, Hill Samuel Life.

Dares Estates' £0.68m deals

Dares Estates has exchanged contracts for the purchase of properties at Walsall and at the Woolbridge industrial estate, near Wimborne, Dorset, for a total consideration of some £680,000. It is anticipated that the transactions will produce "satisfactory contributions" to second-half profits and that dividends in respect of the current year on the enlarged capital will be at least equivalent to the 1.25p total paid for 1981.

The Walsall purchase comprises shop units, a supermarket and lock-up garages. The head lease, valued at £400,000, is already owned by Dares, the acquisition being the freehold interest. Purchase price (£400,000) will be satisfied by the issue of 2,363,945 ordinary shares at 17p to the vendors Delkay (Holdings).

The other purchase (£280,000) will be satisfied by the issue of 1,376,055 shares to the vendors, Ankers and Rawlings (Developments), with the balance of some £46,000 being paid in cash.

U.S. expansion by Pearson Longman

Westminster Press, a wholly-owned subsidiary of Pearson Longman has bought two free weekly magazine titles in Jacksonville, Florida for $2.1m.

Westminster, through its Westminster (Jacksonville) Inc subsidiary, will acquire Dollar Saver Shopper's Guide, with 100,000 copies weekly, and Westside Story, which sells 60,000 copies. These publications together reach most households in the city, Westminster said.

The company is associated with Mr Bruce Sagan, a Chicago publisher, in these acquisitions, which also include an interest in a printing plant jointly owned with other local publishers.

The purchase involves down payments of $375,000 and future obligations of $1,721,000 over up to 10 years. Westminster (Florida) purchased the Manatee Group of Bradenton, in 1980 and has since enlarged the group, which has weekly advertising publications and monthly property guides.

Tyndall Life takes on UK assurance market

BY ERIC SHORT

The Tyndall Group, a subsidiary of Globe Investment Trust, has launched a new company Tyndall Life, with the aim of becoming a major force in UK life assurance.

Tyndall moved into life assurance in 1965 with the formation of Tyndall Assurance. But this was mainly to provide another outlet for its large and growing unit trust operation, though it pioneered the managed fund life concept with its Three-Way fund.

Over the last decade, growth in Tyndall's life business has been overshadowed by the expansion of its onshore and offshore unit trusts business.

Tyndall intend to market unit-linked life and pension products aggressively using the new company as the marketing force. Tyndall Assurance will still underwrite the life business—being established before 1967, there are administrative advantages in this.

A completely new range of life products has been designed incorporating the latest developments, including Maximum Investment and Variable Life plans.

The managing director of the new company is Mr Derek Jones who has worked as the Liverpool area director for Hambro Life, while the deputy chairman is Mr Dan Dane, formerly marketing director of Abbey Life and Hambro Life.

The main sale marketing effort will come from a direct sales force, an area in which these two men have considerable experience. A force of 100 full time agents is planned by the end of 1982. The company will also seek business through the professional intermediary market.

Among the innovations introduced by Tyndall is the Star Service (Stockbroker Active Review Service). Tyndall has drawn up a list of stockbrokers willing to manage the bond portfolio of clients and switch between the various life funds at the appropriate time. With other life companies, bondholders have to find their own investment advisers for switching.

LONDON TRADED OPTIONS

June 9. Total Contracts 1,192 Calls 787 Puts 405

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	330	8	2	17	16	26	—	318p
BP (p)	300	5	—	16	—	22	13	"
CU (c)	130	10	—	16	5	21	—	135p
CU (c)	140	4½	21	12	—	16	6	"
CU (c)	160	1½	—	5	1	—	—	"
Cons. Gld (c)	330	32	1	40	—	50	—	344p
Cons. Gld (c)	360	14	1	26	—	37	11	"
Cons. Gld (c)	390	5	—	12	32	20	—	"
Cons. Gld (c)	460	2	—	3	20	—	—	"
Cons. Gld (p)	330	7	—	20	—	27	1	"
Cons. Gld (p)	360	25	2	37	4	45	—	"
Ctlds. (c)	90	2½	—	8½	5	12	—	84p
Ctlds. (c)	100	1	—	5	1	8	—	"
GEC (c)	850	110	1	132	—	160	—	949p
GEC (c)	900	67	37	92	18	117	—	"
GEC (c)	950	33	75	57	5	80	—	"
Gr'd Met. (c)	174	55	2	59	—	—	—	227p
Gr'd Met. (c)	194	36	2	39	14	46	—	"
Gr'd Met. (c)	200	31	5	36	—	43	10	"
Gr'd Met. (p)	214	18	25	24	24	30	—	"
Gr'd Met. (p)	240	4	—	9	—	12	10	"
Gr'd Met. (p)	214	4	10	9	—	12	—	"
Gr'd Met. (p)	220	7	—	12	20	16	—	"
Gr'd Met. (p)	240	18	2	24	—	29	—	"
ICI (c)	300	38	1	46	—	56	—	332p
ICI (c)	330	14	—	26	1	38	—	"
ICI (c)	360	3	4	8	2	—	—	"
ICI (p)	300	3	—	6	—	11	1	"
ICI (p)	330	12	2	16	—	20	—	"
ICI (p)	360	34	52	38	—	—	—	"
Land Sec. (c)	300	3	20	15	—	23	—	278p
Mks & Sp. (c)	160	12½	5	18	60	22	3	168p
Mks & Sp. (c)	180	3	—	6	1	9	7	"
Shell (c)	460	7	—	17	2	26	—	422p
Shell (p)	390	5	—	10	180	16	—	"
Shell (p)	420	14	—	22	—	28	13	"
		August		November		February		
Barclays (c)	460	37	5	50	—	58	—	476p
Barclays (c)	500	12	3	27	25	42	—	"
Imperial (c)	80	20	—	25	30	—	—	98p
Imperial (c)	90	12½	—	17	—	21	2	"
Imperial (c)	100	6	2	9½	—	13¾	12	"
Imperial (p)	100	4½	—	8½	30	9½	—	"
Lasmo (c)	330	26	10	38	2	55	—	327p
Lasmo (c)	360	13	12	28	5	37	3	"
Lonrho (c)	60	10	—	11	20	13	—	67p
Lonrho (c)	70	4	25	5	12	7½	10	"
Lonrho (c)	80	1	29	2½	—	3½	5	"
Lonrho (c)	90	½	50	—	—	—	—	"
Lonrho (p)	70	5	—	6½	20	8	—	"
P & O (c)	130	21	3	27	—	—	—	149p
P & O (c)	160	5	—	10	1	13	—	"
Racal (c)	420	26	22	45	—	58	—	425p
Racal (c)	460	10	10	23	25	35	—	"
Racal (p)	420	14	7	27	—	32	—	"
Racal (p)	460	43	—	46	25	52	—	"
RTZ (c)	390	35	1	50	—	—	—	409p
RTZ (c)	420	17	2	35	—	42	—	"
RTZ (p)	390	7	9	13½	—	—	—	"
RTZ (p)	420	21	12	28½	—	42	—	"
Vaal Rfs (c)	45	3¾	7	5¼	—	7½	—	$45
Vaal Rfs. (p)	45	3½	2	6	—	7½	—	"

C=Call P=Put

Bass

Public Limited Company

Interim Statement

For the 28 weeks ended 10th April 1982

	28 weeks to 10.4.82	28 weeks to 11.4.81	Year to 30.9.81
	£ millions	£ millions adjusted (Note 1)	£ millions (Note 1)
Sales to customers (Note 2)			
Brewing and drinks	734.8	717.8	1,331.7
Leisure	213.0	122.8	380.9
	947.8	840.6	1,712.6
Trading Profit (Note 3)			
Brewing and drinks	60.6	63.0	128.7
Leisure	(3.5)	(0.5)	24.7
	57.1	62.5	153.4
Cost of borrowing (Note 4)	14.0	11.0	20.2
Profit before taxation	43.1	51.5	133.2
United Kingdom and overseas taxation (Note 5)	12.9	13.5	35.0
Profit after taxation	30.2	38.0	98.2
Attributable to outside shareholders	0.4	0.5	0.1
Preference dividends	0.2	0.2	0.3
Earnings available for ordinary shareholders	29.6	37.3	97.8
Ordinary dividends paid and proposed	8.6	8.1	30.3
	21.0	29.2	67.5
Ordinary dividends paid and proposed – p/share	2.66p	2.53p	9.46p
Earnings per ordinary share (Note 6)	9.2p	12.4p	31.4p

NOTES:

1. Acquisition of Coral Leisure Group Limited
Coral sales and trading for the first quarter of 1981, being pre-acquisition, are not included in the comparative figures.
2. Sales
The pressure on consumer spending, the severe weather during the winter and the industrial dispute in Bass North have depressed sales by volume.
3. Trading Profit
(a) Trading Profit is arrived at after charging/(crediting) the following items:

	28 weeks to 10.4.82	28 weeks to 11.4.81	Year to 30.9.81
	£ millions	£ millions adjusted	£ millions
Depreciation	27.7	24.6	49.6
Surplus on disposal of fixed assets, investments and subsidiaries	(4.9)	(0.9)	(7.6)
Provision for employee share ownership scheme	1.3	1.5	3.8

(b) Historically a greater proportion of the Group profit has been earned in the second half of the year. As reported at the Annual General Meeting the effect of consolidating the former Coral activities, in particular Pontin's, while decreasing the first half will increase the proportion of profits earned in the second half.
4. The cost of borrowing is increased by the inclusion of the interest for 28 weeks (1981 – 17 weeks) on former Coral borrowings and overall higher average borrowing levels.
5. Taxation has been provided at 30.0% (1981: adjusted to 26.3%) of profits before taxation.
6. An interim dividend of 2.66p per share (2.53p) on the ordinary shares will be paid on 26th July, 1982.
7. Earnings per ordinary share are calculated by dividing the earnings available for ordinary shareholders £29.6m (£37.3m) by 321.8m (300.6m) being the number of ordinary shares of 25p in issue at the end of the period and ranking for dividend.
8. During the 28 week period ended 10th April, 1982, capital expenditure was £59.7m (1981 – £61.6m).
9. The above figures have not been audited.

APPOINTMENTS

Senior post at NatWest

Mr Terry Green has been appointed deputy general manager of NATIONAL WESTMINSTER BANK'S international banking division from October 1. He is currently an assistant general manager. This follows the retirement of Mr John Plaistow who will become general manager related banking services.

ROTOCROP has appointed Mr Duncan Campbell as director of marketing. He was a district sales manager with Rank Xerox (UK).

Mr John L. Weed, chief executive and managing director of McCorquodale, has been appointed a non-executive director of the HARGREAVES GROUP.

Mr H. Brindle has been appointed managing director of SALEM ENGINEERING in succession to Mr G. F. Mosley, who remains as chairman and chief executive officer. Mr Brindle was previously with Salem Furnaces, a fellow subsidiary of Salem Corp. Mr T. Molden has been appointed personal assistant to the chairman. He is a director and company secretary of Salem Herr-Voss. Mr H. S. Garland, Mr E. Else and Mr L. Laitland have been appointed directors of Salem Engineering Company.

F. J. REED TAYLOR AND COMPANY has appointed Mr Colman A. Lewis a partner from July 1. He will also be appointed to the board of F. J. Reed, Taylor (Management Consultants).

Mr C. T. A. (Sandy) Mehta has been appointed a director and principal consultant of C.T. COMPUTER SERVICES, subsidiary of Portfolio Administration. CTCS specialises in investment management systems for stockbrokers, merchant banks and other professional investment advisors.

ELECO HOLDINGS has appointed Mr Michael J. Webster as assistant managing director of its construction division. He relinquishes the post of group secretary and Mr George Brown, finance director of the engineering division, is additionally appointed to this role. Both appointments are from July 1.

Mr Martin Warner has been appointed group personnel director of DUN AND BRADSTREET.

Mr Alex Harrower, former president of the Electrical Contractors' Association, takes office as president of the INTERNATIONAL ASSOCIATION OF ELECTRICAL CONTRACTORS at the general assembly in Copenhagen next week (June 15-16). His term of office is for two years and he follows Mr T. Grinsted of Denmark.

Mr Trevor Lafferty has been appointed managing director of NEXEL.

Mr Malcolm Lefaivre has been appointed marketing director of MENDLE BROTHERS, manufacturer of Embee plastic products and a member company of the Wolseley-Hughes Group. He was previously sales and marketing director of Denby Tableware and marketing director of British Tissues.

Mr John Evans has been appointed managing director of DATAGRAPHIX UK subsidiary of DatagraphiX Inc of San Diego. The DatagraphiX organisation is a subsidiary of General Dynamics Inc. He was managing director and chief executive of the Ansafone Corp. He was a prime mover in the Ansafone management buy-out.

REED STENHOUSE has appointed Mr Ron Forrest as a director.

Mr Denis Robinson of WESLEYAN AND GENERAL ASSURANCE SOCIETY retires as managing director on August 31 and will become a non-executive director. Mr I. A. Hamilton will be appointed managing director from September 1. Mr Francis Jephcott has been appointed to the board from June 22. He is a partner in the firm of Stock Beech and Company, stockbrokers.

At SCRIMGEOUR, KEMP-GEE AND CO., stockbrokers, Mr N. Z. Gudka has joined the partnership and is in charge of the property research team.

Mr G. E. Banks, director of the Confederation for the Registration of Gas Installers (CORGI) and chairman of CORGI Council, has become president of the INSTITUTE OF PLUMBING.

Mr Denys Benke is retiring as senior partner of BREWIN DOLPHIN AND CO., stockbrokers, on June 30. He will be succeeded by Mr Gerald Knox. Mr Benke will remain a partner.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1981-82 High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
120	100	Ass. Brit. Ind. Ord.	120	—	[illegible]	[illegible]	[illegible]	[illegible]
130	100	Ass. Brit. Ind. CULS	129	+1	[illegible]	[illegible]	—	—
75	62	Airsprung	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	33	Armitage & Rhodes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
214	187	Bardon Hill	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
106	100	CCL 11pc Conv. Pref.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
285	240	Cindico Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
104	61	Deborah Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
131	97	Frank Horsell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
83	63	Frederick Parker	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
78	52	George Blair	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
102	93	Ind. Precision Castings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
110	100	Isis Conv. Pref.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
113	94	Jackson Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
130	108	James Burrough	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
334	251	Robert Jenkins	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	51	Scruttons "A"	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
222	159	Torday & Carlisle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15½	10	Twinlock Ord.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
90	68	Twinlock 15pc ULS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	25	Unilock Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
103	73	Walter Alexander	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
252	212	W. S. Yeates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prices now available on Prestel page 48146.

COMMODITIES AND AGRICULTURE

Sugar falls below £100 mark

By Terry Povey

RAW SUGAR prices on the London futures market fell yesterday after the daily price had been set at £99 per tonne in the morning, £4 less than the previous day's fix. This is the first time that the LDP has fallen below the £100 mark since August 1979.

According to dealers in London, prices drifted downwards due to thin selling in a bearish market. In the U.S., where sugar futures dropped to new lows in early trading, brokers blamed the fall on strengthening of the dollar and the large South African sale at a discount price in Japan.

● At the annual meeting of the Association of the Sugar Products Industries of the EEC (CAOBISCO) the decision to increase sugar prices by 10 per cent from next month was strongly criticised.

● EEC experts estimate that 1982/83 sugar production will fall to 11.75m tonnes (white value) from the 15.02m last year reports Reuter.

Gasoline futures contract plan

By Our Commodities Editor

A FUTURES contract for gasoline (petrol) is to be introduced on the International Petroleum Exchange in London early next year, according to Mr Robin Woodhead, chairman of the Exchange. Mr Woodhead said no definite launching date had been decided yet, but meetings will be held in the main gasoline trading countries—Switzerland, Germany, Holland and Scandinavia—in preparation for introducing the new futures contract early in 1983.

The success of the London gas oil futures market, launched last April, has encouraged plans to bring in new contracts for other oil products.

● London spot oil prices, which the Financial Times started quoting this week, are obtained from a number of different market sources. The range quoted incorporates the lowest and highest prices of actual business transacted, not nominal quotations.

Zinc producer price cut

BY JOHN EDWARDS, COMMODITIES EDITOR

ANOTHER cut in the European zinc producer price, from $880 to $800 a tonne, was announced yesterday in Frankfurt by Metallgesellschaft, the big West German smelting group. The move is likely to create further confusion in the zinc market, where some producers have so far maintained nominal quotations of $900, while values on the London Metal Exchange are well below $700.

The cash price yesterday lost £11 to £387.5 a tonne—equivalent to $687 at the current sterling/dollar exchange rate.

Metallgesellschaft, and the other leading West German zinc smelter, Preussag, cut their zinc producer price quotations at the end of March to $860 only a few weeks after raising the price to $900 to come into line with other producers.

The West German smelters are keen to adjust their quotations to realistic market levels, since they rely on bought-in ore concentrates, whose cost is based on the producer price quotation. Integrated zinc producers, owning both mines and smelters, prefer to keep their official quotations up, even though they are forced to give discounts to remain competitive. They argue that current price levels are well below the cost of production and that reducing them still further does not stimulate extra sales.

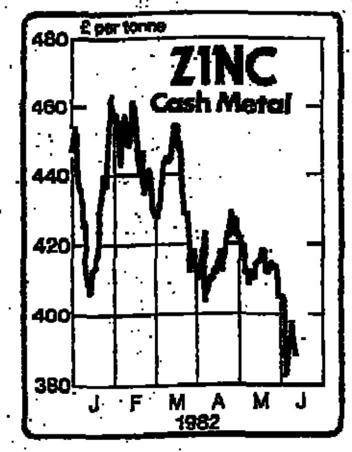
However the fact remains that demand for zinc, in common with other metals, is extremely poor and supplies remain more than adequate, in spite of heavy cuts in output. Metallgesellschaft claimed recently that any further production cuts would only result in heavier losses, so instead it is trying to remain competitive. Preussag said yesterday it was studying the situation, but it is likely to be forced to $800 as well.

Other producers, particularly integrated companies, may delay any decision for a longer period in hopes that the market may recover.

However LME zinc values fell sharply yesterday, in spite of news that a strike has started at Noranda's Valleyfield zinc refinery in Quebec and a decline in U.S. slab zinc stocks held by smelters during May. Earlier this week Asarco decided to rescind a 3 cents reduction in its U.S. domestic zinc selling price, when other producers failed to follow.

Aiding the downturn in zinc yesterday was renewed depression in other metal markets, led by copper. The higher-grade copper cash price dropped by £21 to £732.5 a tonne, as the market was hit by persistent selling, mainly from speculative sources.

Meanwhile two more U.S. copper producers, Amax and Copper Range, announced further output cuts because of poor demand.



Strawberry crop warning

By Sara Evans

STRAWBERRY growers in Cambridgeshire and West Norfolk have warned that this year's crop for sale to processors will be much smaller than usual, as little as 2 to 3 tonnes per acre, instead of a normal 4½ to 5 tonnes an acre.

The Strawberry Growers' Association in Wisbech, Cambridgeshire, centre for strawberry supply to the canning, freezing and jam-making industries, blame the serious shortfall on a hard winter, followed by drought, and a disastrous frost on May 4 this year.

The association is advising its members to hold off selling their crop as long as possible to try to get as near to the break-even point for the crop of £313 per tonne. It points out that the food industry has little stocks of strawberry products and that supplies of Polish pulp are known to be erratic at present.

Many growers, faced with declining prices for their fruit over the past two years, have reduced their acreages of fruit for processing, and the harsh weather took a greater toll on older plants than it would have on younger strawberry beds.

The Wisbech growers are the main suppliers of strawberries to the processors, with 75 to 80 per cent of their crop going to the food industry.

Record U.S. wheat crop

By Our Commodities Staff

WINTER wheat production in the U.S. for 1981/82 could reach a record 2.15bn bushels, according to private crop forecaster Mr Conrad Leslie. This figure compares with last season's record total of 2.1bn and is marginally higher than estimates already published by the U.S. Department of Agriculture.

On maize (corn) acreages the estimate for the current season is 79.52m acres, down 4.7m on last year's level, and more than 5m acres less than the USDA February estimate.

For soyabean, Mr Leslie forecasts acreage at 70.9m, up 2.9m on last year, and 1.4m above the USDA February expectation.

SIXTH TIN AGREEMENT

Producers ready to go ahead

BY WONG SULONG IN KUALA LUMPUR

TIN PRODUCING countries, led by a reluctant Malaysia, are expected to tell a crucial UN sponsored meeting in Geneva today that they are prepared to enter into the sixth International Tin Agreement, even though nearly half the consumer members of the fifth agreement may not be joining.

The meeting is being called by the UN Conference on Trade and Development (Unctad) because so far 82.2 per cent of the producers and only 50.1 per cent of the consumers have put their signatures to the sixth Pact, when at least 80 per cent support from both sides is needed for the agreement to come into force definitively, or 65 per cent on both sides for it to operate provisionally.

Those who have already signed the sixth agreement will now decide in Geneva whether the Pact should be put into effect, definitively or provisionally, among themselves, or call for fresh negotiations.

According to Malaysian officials, Malaysia had originally wanted to call for fresh negotiations to put forward tougher producers demands, but was persuaded in Indonesia and Thailand at a ministerial meeting in Kuala Lumpur in May, to give the sixth agreement a chance to prove its effectiveness.

The producers' decision to go ahead with the sixth ITA is based on the following reasons:

If the Tin Agreement is to be wound up, the 35,000 tonnes of the metal with the buffer stock would have to be liquidated and returned to members proportionate to their contributions. Such an action would create chaos on the already depressed tin market, even though the buffer stock will retain its holdings for a two-year period.

The fifth Tin Agreement has been an unhappy one, compared with the previous four. Some producers feel that now that the two main antagonists—the U.S. on the consumer side and Bolivia among the producers ranks—are not joining, the agreement could assume a more harmonious style, contributing to speedier and more effective decisions.

Apart from the U.S., the two other large consumer groups, the EEC and Japan, have shown political will to take part.

Finally, those countries which have not signed the Agreement yet have until June 30 to indicate their willingness to join. Those who have not signed include the Soviet Union, East European countries, Spain, South Korea and India.

The Soviet Union joined the International Natural Rubber Agreement on the very last day. It might do the same for the Tin Agreement. However, producers will not issue any more appeals for consumers to join.

U.S. takes a hard line

BY BRIJ KHINDARIA IN GENEVA

THE PROBLEMS confronting the proposed new tin agreement stem partly from a hard line position against it by the U.S. Administration, and partly from producers' determination to get an agreement which protects their export earnings by more effectively regulating markets.

Real prices for third world commodity exports as a whole have fallen by nearly 30 per cent in recent years reinforcing tin producers fears that failure to take firm action will further erode their earnings.

The U.S. position has caused considerable surprise and disappointment. The producers consider they bent over backwards last year to accommodate U.S. demands for a total 50,000 tonne buffer stock which was considerably larger and more expensive than that recommended by their own advisers and by officials at Unctad. The stock is made up of 30,000 tonnes directly financed in equal parts by consumers and producers, and supplemented by another 20,000 tonnes paid for by loans.

Yet, the U.S. which for the first time entered the current fifth agreement, decided to drop out of the sixth pact saying that it had "deep and abiding concerns about several aspects" of the accord, particularly the buffer stock's role and its financing.

Recognising the fragility of the compromise underlying the tin accord, it was agreed that it could be enforced provisionally starting July 1 provided that it were ratified by countries representing at least 65 per cent of total consumption as well as production. For definitive operation the shares must reach 80 per cent.

Efforts are being made to entice the Soviet Union, which takes 9 per cent of total imports, and smaller countries like India, Romania and Spain to enter the accord to bring the proportion of acceptances closer to the 65 per cent mark. But Soviet entry is considered unlikely.

At the same time doubts remain about the sixth accord's effectiveness if it were to be operated without the U.S. especially because of the U.S. decision to sell tin from its strategic stock pile.

Book calls for pesticide ban

BY RICHARD MOONEY

NEW PRESSURE is put on the Government today for the outlawing of the controversial pesticide 245-T with the publication of a paper-back book entitled "*Portrait of a Poison—the 245-T Story.*"

The pesticide, contains dioxin, used in the infamous Agent Orange defoliant during the Vietnam war and the toxic element in the Seveso accident in Italy. It is already banned in eight countries and by 80 of Britain's 122 local authorities.

But so far the Ministry of Agriculture has answered calls for its banning in Britain with statements to the effect that it is safe if used in accordance with the published instructions. The co-authors of the book, Mr Chris Kaufman and Ms Judith Cook, claim, however, that in practice there is little chance of it being used as recommended.

At the launch of the book at the House of Commons yesterday this claim was supported by Mr Jack Boddy, leader of the farmworkers' section of the Transport and General Workers Union, and by Mr Norman Buchan, Opposition agriculture spokesman, who promised that 245-T would be banned once Labour was returned to power.

He also supported Mr Boddy's call for the winding-up of the Government's Pesticides Advisory Committee (PAC), which has the responsibility of vetting the safety of pesticides. Instead this task should fall to the Health and Safety Commission, which includes worker representatives as well as employers and Government.

Mr Kaufman agreed that Mr Peter Walker, the Agriculture Minister, had been "wrongly counselled" by the PAC. Apart from agricultural users, the compound was widely used by domestic gardeners he said. It was contained in at least 25 products, one of them manufactured by Chipmans of Horsham, Sussex, whose chairman is Mr Denis Thatcher, the Prime Minister's husband, he noted.

The authors admitted that they had no direct evidence of the dangers of 245-T but claimed the circumstantial evidence was "overwhelming." Ms Cook referred to an "epidemic" of miscarriages and cancers in a small Somerset village where it was found the work of the husbands in all the affected families involved the use of the compound.

LONDON OIL

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	33.40-33.75	
Iranian Light	32.50-32.75	+.27
Arab Heavy	31.00	+.13
North Sea (Forties)	34.90-35.25	—.15
African(Bonny L't'ht)	35.00-35.75	—.18
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	375-377	—1
Gas oil	294-298	
Heavy fuel oil	165-170	—.5

GAS OIL FUTURES

The market opened stronger but fell back in thin conditions as the physical market, affected by the dollar's strength, remained quiet and unchanged. New York's strength steadied prices, which then eased back on the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
June	293.25	—1.25	298.80-93.00
July	292.00	—0.75	296.00-91.25
August	294.00	+0.75	295.75-92.50
Sept.	293.00	+0.75	295.00-91.25
Oct.	296.00	—0.50	297.50-95.75
Nov.	296.75	+0.25	298.50-97.00
Dec.	298.75	—0.25	—
Jan.	300.50	+0.50	—
Feb.	302.00	—2.00	—

Turnover: 2,476 (2,167) lots of 100 tonnes.

GOLD MARKETS

Gold fell $2 an ounce from Tuesday's close in the London bullion market yesterday to close at $328-328¼. It opened at $330¼-331 and touched a high of $330¼-331 in early trading before drifting away to a low of $325¼-326¼.

In Frankfurt the 12½ kilo bar was fixed at DM 25,455 per kilo ($328.03 per ounce) against DM 25,460 ($331.97) previously and closed at $326¼-327¼ from $329-330.

In Paris the 12½ kilo bar was fixed at FFr 66,500 per kilo ($328.26 per ounce) in the afternoon compared with FFr 66,500 ($329.62) in the morning and FFr 66,000 ($330.69) on Tuesday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $327.

In Zurich gold finished at $326-329 against $327-330.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	188.75-8.80	+0.675	189.00-8.50
Sept'mb'r	190.30-0.45	+0.525	190.30-8.80
October	191.60-1.75	+0.250	190.55-0.10
November	193.70-4.00	+0.050	192.35
December	195.45-5.70	+0.825	194.50

Turnover: 882 (821) lots of 100 troy ozs.

	June 9		June 8	
Gold Bullion (fine ounce)				
Close	$328-328¼	(£185-185½)	$330-330¼	(£185-185½)
Opening	$330¼-331	(£186-186½)	$330½-331½	(£184½-185)
Morning fixing	$325.75	(£183.826)	$330.90	(£184.778)
Afternoon fixing	$326	(£183.435)	$328.75	(£184.071)

Gold Coins June 9

BRITISH COMMODITY MARKETS

BASE METALS

[illegible]

AMERICAN MARKETS

[illegible]

EUROPEAN MARKETS

[illegible]

Construction side likely to curb FMC

By Terry Byland

FMC, the U.S. defence industry, industrial chemicals and speciality machinery maker, was "hunkering down for a rough year," Mr Robert B. Hoffman, vice-president finance, said in London yesterday.

Performance at the defence division was "fantastic" and sales at the petroleum equipment section were also growing strongly. Industrial chemical sales, however, provider of nearly half the group's profits last year, might be down slightly, and the construction industry division remained a "disaster."

Overall, Mr Hoffman accepted recent forecasts from the securities industry that profits would fall this year below the $5.28 a share of fiscal 1981.

However, the board was still confident that it would achieve its goals of 18 per cent return on equity and 15 per cent on capital by 1986. At present these returns are 13.9 per cent and 10-11 per cent respectively, compared with 11.7 per cent and 9.9 per cent a year ago.

The improvement reflects the board's policy of switching away from low yielding industries into areas offering better returns. Businesses representing about $358m in annual sales have been sold in the past three years.

Further disposals are likely, possibly in the specialised machinery division, where the dismal performance from construction industry subsidiaries continues to far outweigh trading outcome at the food machinery materials handling and agricultural machinery operations.

In this division, sales of airline equipment remains flat.

The 25 per cent share of group earnings from the defence side, was rising rapidly, Mr Hoffman said. The fall in first quarter earnings was attributable to start-up costs of our armoured personnel carrier. Sales of this division were expected to top $1bn this year, almost double last year's.

FMC supplies most of the tracked armoured personnel carriers to the armies of the free world. It also produces missile launching equipment for the U.S. Navy and expects to benefit from the current U.S. policy of re-equipping "mothballed" U.S. warships from World War II. These sales to the Navy could generate turnover of $300m this year.

Cities Service offers $1.3bn for Mesa

BY PAUL BETTS IN NEW YORK

CITIES SERVICE, the 20th largest U.S. oil company, is now offering to acquire Mesa Petroleum for more than $1.3bn on a friendly basis.

The offer, involving $21 a share in cash for 51 per cent of Mesa and 0.45 Cities Service shares for each remaining Mesa share is the latest round in the acrimonious takeover battle between the companies.

The new Cities Service offer at current prices represents an average of between $18 and $19 a share for all Mesa stock or a shade more than the $17 a share for 51 per cent of Mesa cash tender offer already made by Cities Service.

By tabling a second offer, Cities Service has basically thrown the ball back into Mesa's court—Mesa has also made two offers for Cities Service, a company 20 times its size.

Mesa offered $50 a share—worth a total of $3.9bn—for a controlling stake in Cities Service on a friendly basis, and a $45 a share for a 15 per cent stake in the form of a hostile cash tender offer, worth $629m.

Mr Charles Waidelich, Cities Service chairman, also said last night that his company's directors had unanimously rejected Mesa's two proposals, claiming that a combination of the companies through a takeover by Cities Service rather than Mesa "would result in a much healthier and less highly leveraged company."

At the same time, Mr Waidelich stated that he had received telephone calls from "a couple of other oil companies" interested in a combination with Cities Service, their identity.

The latest move by Cities Service and remarks by Mr Waidelich at a news conference last night reflected the depth of hostilities between the two companies and their respective chairmen.

Computer makers try to boost consumer market

BY LOUISE KEHOE IN HOUSTON

U.S. and Japanese computer manufacturers are introducing machines that represent yet another dramatic cut in the cost of computer power in moves aimed at enlivening the consumer market.

Prices on the latest offerings range from just $180 for a Commodore machine, that incorporates electronic gains, a music synthesiser and traditional computing capabilities to $975 for a Cromenco Computer that would satisfy the needs of most business users.

U.S. manufacturers are estimated to have shipped 1m of these cheap computers over the past five months. The new boom in consumer sales will lead to a $4bn market for home computers alone by 1987, analysts are now projecting.

So far, the major players in the market are Sinclair in the UK, and in the U.S. Atari, Commodore, Tandy and Texas Instruments. The latest introduction in the market came this week from Commodore who announced their Max machine, at the National Computer Conference here. The company is determined to build upon the success of its $300 home computer, which is now distributed through department stores and specialist retailers throughout the U.S.

Hard on the heels of the U.S. suppliers is a group of Japanese companies who are getting ready to enter the U.S. market. In Houston, Panasonic showed a unit that will sell for under $300. Epson, a Japanese company, which has been very successful in the low cost printer market, is aiming to build upon its brand name visibility, with an $800 portable computer. The Epson computer, which is the size of a large book, incorporates a full keyboard, a small display screen, a cassette recorder and a printer—all in one box.

To fend off the competition, Tandy last week cut the price of its home Colour computer, to just over $200. Apple, the other major supplier in the personal computer market has no plans to introduce a very low cost machine, according to company executives. Apple is, however, putting together a system that includes peripherals and software, to go with its Apple II Computer and offering them at a reduced price for a three months' period. "We plan a series of these promotions—price cuts on bundled systems aimed at various market sectors," said the company.

Citicorp stakes claim to the sky

By Our New York Staff

CITICORP, the large New York bank, claims to have become the first financial institution to own a piece of the sky.

With the successful launch late on Tuesday night of the Wester V satellite from Cape Canaveral, it now has two transponders in space to relay messages back and forth between more than a dozen North American earth stations linking its offices.

Within three years, Citicorp says the satellite will be handling a large portion of its long distance voice, data transmission and teleconferencing needs in the U.S. at savings of "millions of dollars annually."

The satellite has been placed in orbit over the California coast. Each of the transponders has a capacity of 60,000 bits per second for data or 480 voice conversations. The system will be linked to Citicorp's existing international communications system which uses leased satellite circuits to connect over 1,400 offices in 93 countries.

So far, outright purchases of transponders have been made chiefly by companies in the data and communications businesses.

However, Citicorp has found that much of its work involves data transmission (account information, details of funds, customer instructions, and so on), and it believes that efficient communications are necessary to preserve its competitive edge.

Disney hints at video price cuts

By Our Financial Staff

WALT DISNEY Productions said yesterday it may reduce prices on video cassettes by as much as 40 per cent if Congress amended the First Sale doctrine in existing copyright laws.

Mr Ben Tenn, Disney vice-president, said in Chicago that the price of the video cassettes, currently $69.95, could be cut to $39.95 or $49.95 if a proposed amendment to existing copyright laws which would end pirating is approved.

He said video cassette makers expected sales of 1.9m units this year compared with 1.4m units in 1981. "With lower prices, a substantial increase in video cassette sales volume would occur."

FINE TERMS EXPECTED FOR JUMBO LOAN

Malaysia to raise $1bn Eurocredit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

MALAYSIA IS raising a $1bn credit in the Euromarkets, the largest loan it has arranged since it emerged as a regular borrower last year.

A mandate to arrange the borrowing is understood to have been awarded yesterday to Malayan Banking Berhad, Manufacturers Hanover and National Westminster. Formal announcement of the loan is expected shortly, probably today.

The borrowing breaks new ground for Malaysia. Besides being its largest operation to date, it will also be the first Malaysian credit to offer lenders the chance to contribute funds at a margin over the U.S. prime rate, which is generally considered more expensive than borrowing over eurodollar rates.

Malaysia also hopes to introduce a "tax-spared" element to the credit, using the double taxation treaty between Britain and Malaysia to obtain an effective interest rate subsidy from British taxpayers.

This is despite proposed British legislation limiting the extent to which double taxation treaties can be used for this purpose by banks operating in the UK.

A tax-spared element of $150m is planned, though details of this remain unclear pending the introduction of the new UK legislation.

Other details of the loan condition were also still a matter of speculation yesterday, although the market is expecting a 10-year loan with a margin of ⅜ per cent over Eurodollar rates or between 0.1 and 0.2 per cent over U.S. prime.

These margins compare favourably with the best available to European borrowers in the eurocredit market, underlining the fact that Malaysia remains one of the "blue-chip" borrowing countries of the Far East, despite its rising loan requirements.

Competition to arrange the borrowing was intense, with another group of international banks vying for the mandate as well as a group of leading Arab banks.

An indication of Malaysia's current credit standing comes through comparison of the conditions it is now expected to receive with those obtained by Ireland on its latest $100m, ten-year credit.

Ireland is paying a margin of ½ per cent over Eurodollar rates for the first five years, rising to ⅝ per cent thereafter for its club loan.

Eurobond prices fall amid heavy selling

BY ALAN FRIEDMAN

THE Eurodollar bond market continued its shake-out yesterday and prices fell by ½ point on average, bringing the total decline on some issues to 3 or 4 points on the week.

Several dealers reported heavy selling combined with price markdowns. The main reason for the fall in bond prices and attendant rise in yields, is an attempt by dealers both to off-load excessively high inventories and achieve a consolidation of prices levels.

Sales amounting to $5m blocks of bonds were no uncommon, creating what one trader characterised as "an eerie atmosphere in the dealing rooms."

The recent $200m 14 per cent Phillips Petroleum bonds (maturing in 1989) stood at a bid price of 94⅞ last night, down 3 points since Monday. The yield now comes to 15.26 per cent—the level needed to tempt investors to purchase bonds this week.

Du Pont's recent 13⅞ per cent $200m of 1989 bonds dropped nearly a point to 94⅛, while Superior Oil's 14 per cent $125m 1989 issue closed at 93⅞, down more than one point on the day.

"This market has been shaken to pieces, but we needed it," exclaimed one principal bond trader. He and others stressed the need for a shake-out in the Eurobond market because of the huge amounts of unsold paper—reputed to be close to $1bn—and the uncertainty over interest rates.

Some bond houses are preparing to take advantage of the shake-out by purchasing low-priced paper, but the inherent risk of a further price decline and the capital required for such manoeuvres restrict the number of firms able to do this.

Other sectors of the international bond market also had a weak day, but Tenneco is launching a DM 100m 10-year bond carrying a 9 per cent coupon at par. Commerzbank is leading the offer. Several new issue managers criticised the coupon as too low in such a weak market and the Tenneco paper was quoted at a 1½ per cent discount last night.

Six-month Euro D-mark deposit rates nudged ⅛ point higher to close at 9⅞ per cent, in line with the 1/16 per cent Eurodollar increase to 15⅞.

● The $75m seven-year floating ratenote with sterling warrants for the London and Scottish Marine Oil (LASMO) group was priced last night at 100⅛ by lead managers Goldman Sachs and William's and Glyn's.

Hopes fade fast for Venezuelan credit

BY OUR EUROMARKETS STAFF

HOPES THAT Venezuela will be able to raise a large credit in the Euromarkets were fading fast yesterday after news that it had rejected terms offered by a syndicate of about 20 international banks.

Venezuela has given the banks until the middle of next week to decide whether they will go ahead on much cheaper terms. Although it has scaled down its request to $1.5bn from $2bn, several bankers associated with the operation said they doubted that such a sum could be raised on the terms now proposed.

These provide for a two tranche credit, part of which would bear a margin over Eurodollar rates of ⅝ per cent for three years. The other portion would bear a margin of ⅝ per cent for three years, rising to ¾ per cent for the next three and then to ⅞ per cent for the final two. Repayments would begin after a grace period of four years.

These margins are considerably lower than those proposed by the banks, which Venezuela rejected late on Tuesday night. Those proposals also allowed lenders to contribute funds at a margin over the expensive U.S. prime rate which Venezuela has always rejected in the past.

The main banks involved in the operation, which include Bank of America and Morgan Guaranty, are now polling other syndicate members to see whether they are prepared to go ahead on the new terms. They were unwilling yesterday to prejudice the outcome of the poll, but the answer seemed a foregone conclusion.

"Venezuela is reluctant to realise that market conditions have changed considerably," one banker said.

Despite Venezuelan insistence that it could raise the credit from a different group, most bankers doubted that such a large amount as $1.5bn would be forthcoming from a group which did not include the 20 leading U.S., Japanese, Arab and Canadian banks that have been discussing the operation with Venezuela for two months.

Bank of America back at the top

By Our Financial Staff

BANK OF AMERICA has regained its position as the world's largest commercial bank by size of deposits and assets at the end of 1981, according to the New York trade paper, American Banker.

Banker. Statistic compiled by it show that the U.S. bank supplanted Banque Nationale de Paris (BNP).

Bank of America had total deposits of $95.9bn at the end of 1981, up 7.5 per cent from $89.3bn at end-1980, when it ranked second in the world.

BNP is now the world's second largest bank, with $93.9bn in deposits. Expressed in dollars, its deposits rose by 0.3 per cent, but in francs deposits jumped by 26 per cent.

Bank of America's performance was helped by the strength of the dollar against the franc and most of the world's other major currencies. The franc fell by 20 per cent against the dollar last year to 17.6 cents per franc from 22 cents in 1980.

Credit Lyonnais remained the third largest bank in the world with deposits of $85.2bn. Barclays Bank plc was four, with deposits of $82bn, and Credit Agricole Mutuel, was fifth with $81.5bn.

Bell Canada to cut spending

By Our Financial Staff

"SUBSTANTIAL CUTS" in both capital spending and operating costs are planned this year and next by Bell Canada, which, as the largest supplier of telecommunications equipment in Canada, accounts for over 60 per cent of the telephones in the country. Its subsidiary Northern Telecom is Canada's largest manufacturer of telecommunications equipment.

It will also freeze the salaries of top executives and pay rises for middle management will be limited to 6 per cent until June next year. Staff promotions and recruitment are also to be restricted, the company said.

Capital spending cuts will total C$280m (US$224m) over this year and next, and will apply to the regulated areas of the group's activities. Operating expenses will be reduced by C$120m ($96m).

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday June 16. Closing prices on June 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 88/97	75	100¼	100¾	−0½	−1¼	14.92
Amax Int. Fin. 16¼ 92	75	101¼	102	−0½	−1⅛	15.85
Amax O/S Fin. 14⅞ 89	75	95½	96½	−0¾	−1⅝	15.23
APS Fin. Co. 16¼ 89	85	100⅝	101	−0⅜	−1⅝	15.90
ATT 14⅝ 89	400	100¼	101	−0¼	−1½	14.41
Baker Int. Fin. 0.0 92	225	126½	26⅞	0	−0⅛	14.71
BHP Finance 14⅜ 89	50	97½	98	−0½	−1⅝	14.96
Bk. Amer. NT SA 12 87	200	90⅞	91¼	−0⅛	−2⅛	14.73
Bk. Montreal 14⅞ 87	100	97	97½	−0⅝	−1⅝	15.38
Bque. Indo Suez 15 89	100	97⅜	97⅞	−0⅜	−1⅝	15.60
British Col. Hyd. 14⅞ 89	150	97⅞	98⅜	−0⅜	−2⅛	15.12
Burroughs Int. 15⅝ 88	50	101¼	101¾	−0⅜	−1⅛	15.22
Canadair 15⅝ 87	150	99½	100	−0⅝	−1⅝	15.44
Canadian Pac. 14⅞ 92	75	96	97	−0⅝	−1⅝	15.28
Carolina Power 16⅛ 89	60	101⅛	101⅝	−0⅝	−1⅜	15.65
CIBC 16 87	100	100⅞	101⅜	0	−0⅝	15.69
Citicorp O/S 15 84/92	100	99	100¼	−0½	−1¼	15.00
Citicorp O/S 15½ 85/97	125	99½	100½	−0⅛	−1½	15.40
CNA 15⅞ 97	75	99⅝	100⅛	0	−0⅝	15.86
Con. Illinois 15⅝ 89	100	100⅞	100⅞	−0½	−1⅜	15.54
Duke Pwr. O/S 15½ 89	60	98⅞	99⅜	−0⅝	−2⅝	15.68
Dupont O/S Cap. 0.0 90	300	35⅛	35⅜	0	−0⅜	14.50
ECSC 14½ 87	50	98⅛	98⅝	−0⅛	−0⅜	15.20
EIB 15⅛ 89	150	99⅜	99⅞	−0⅛	−1⅛	15.54
Eksportfinans 14½ 89	50	96⅝	97⅛	−0⅜	−1	15.24
*Gen. Elec. Credit 0.0 92	400	27⅛	27⅜	0	−0⅞	14.31
Gen. Elec. Credit 0.0 93	400	24	24½	−0⅜	−0⅞	14.17
Getty Oil Int. 14 89	125	96½	97	−0⅝	−1⅜	14.78
GMAC O/S Fin. 16 88	150	100⅜	101⅛	−0⅜	−1⅛	15.65
GMAC O/S 15¾ 85/97	100	98	98½	−0⅛	−1	15.99
GMAC O/S Fin. 15 89	125	96⅛	96⅝	−0½	−2⅜	15.85
GMAC O/S Fin. 15 87	100	97⅛	97⅝	−0⅛	−1⅛	15.78
Gulf Canada Ltd 14⅞ 92	100	98	98½	−0⅝	−1½	15.07
Gulf Oil 14⅛ 94	175	97⅜	98⅛	−0⅛	−0⅜	14.59
Gulf Oil Fin. 0.0 92	300	26⅞	27⅜	0	−0½	14.35
Gulf States O/S 16 90	80	97⅞	98⅜	−0⅝	−1⅞	16.41
Int-Am. Dv. Bk. 15⅛ 87	55	98⅛	98⅜	−0½	−1⅛	15.47
Japan Dev. Bk. 15½ 87	50	102	102½	−0⅛	−0⅜	14.73
New Brunswick 16⅛ 89	75	101½	102	−0⅜	−2⅛	15.75
Ontario Hydro 14⅞ 89	150	99	99½	−0⅝	−2	14.91
Pac. Gas & El. 15⅞ 89	80	102⅛	102⅝	−0⅜	−0⅜	15.06
Pac. Gas & El. 15½ 89	45	101⅛	101⅝	−0⅛	−1⅛	15.12
J. C. Penney Gl. 0.0 94	350	20⅛	20⅝	−0⅛	−1⅜	14.52
Philips Petrol 14 89	200	95⅛	95⅝	−0⅜	−1⅞	15.10
R.J. Rynlds. O/S 0.0 92	400	26⅝	27⅛	+0⅛	−0⅛	14.52
Saskatchewan 16 89	125	101⅛	101⅞	−0⅜	−2	15.54
Shell Canada 14⅜ 92	125	97	97½	−0⅛	−1⅛	14.91
Spain 15⅞ 87	100	99⅜	99⅝	−0⅛	−0⅞	15.89
Superior O/S Fin. 14 89	125	93⅞	94⅜	−0½	−0⅜	15.43
Swed. Exp. Cr. 15⅜ 89	100	98⅞	98⅜	−0⅜	−0⅜	15.61
Swed. Exp. Cr. 14⅜ 90	100	95⅛	95⅝	−0⅛	−0⅞	15.80
Swed. Exp. Cr. 0.0 94	200	20⅛	20⅝	0	−1⅛	14.49
Union Carbide 14⅞ 89	150	98⅞	99⅛	−0⅜	−1⅛	15.00
Wells Fargo I. F. 15 87	75	98⅞	99⅛	−0½	−2	15.25
World Bank 15⅞ 88	250	99⅜	99⅝	−0⅛	−0⅜	15.33
World Bank 14⅛ 87	500	95⅞	96⅛	−0⅛	−1⅛	15.41

Average price changes... On day −0⅛ on week −1⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9⅛ 92	150	98⅛	99	−0½	−0⅞	9.46
Australia 9½ 91	300	102⅛	102⅞	0	−0⅛	8.96
Australia 9¼ 91	200	102⅛	103	+0⅛	−0⅛	8.91
Barclays O/S In. 8½ 94	100	95	95½	−0⅜	−1⅛	9.04
Canada 8½ 89	200	100⅛	100⅝	−0⅛	−0⅜	8.42
Comp. Tel. Esp. 10⅛ 92	100	100	100½	−0⅛	−1½	10.44
Cred. Foncier 8⅞ 92	100	96⅜	97⅜	−0⅛	−1	9.24
Denmark 10 88	100	100½	100⅞	−0⅜	−0⅜	9.86
Denmark 10⅛ 92	100	101⅜	102⅛	−0⅛	−0⅛	9.82
EDF 9⅞ 92	100	100⅛	101½	−0⅛	−0⅜	9.74
EEC 9⅜ 94	200	102⅛	102½	−0⅛	+0⅜	9.30
EIB 8⅝ 92	100	95⅛	95⅝	−0⅜	−1⅛	9.10
Int.-Am. Dev. Bk. 9 92	150	98⅛	98⅞	−0⅜	−1	9.23
Ireland 10½ 88	100	101½	102⅛	0	−0⅛	9.56
Nacnl. Financiera 11 90	150	98½	99	−0½	−0⅞	11.23
Nat. West. 9⅞ 92	100	103⅜	104⅛	−0⅛	−0⅛	9.25
OKR 9⅛ 86	150	101⅜	102⅜	0	0	9.28
Philip Morris 8⅛ 90	100	99⅛	100	−0⅛	−0⅛	8.21
Quebec 10⅛ 92	150	103⅜	103⅞	0	−1⅛	9.54
Renfe 10 92	100	99⅜	99⅞	−0⅜	−0⅛	10.06
Tauernautobahn 9⅞ 94	50	101½	102	−0⅜	−1⅞	9.61
World Bank 9⅛ 89	100	101⅝	102⅛	−0⅛	−0⅛	9.08
World Bank 8½ 92	200	95⅞	96⅜	−0⅛	−1⅛	9.09

Average price changes On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6⅝ 92	100	100⅛	101	+0⅛	−0⅛	6.15
Asian Dev. Bank 7 92	100	100⅛	100⅛	+0⅛	−0⅛	6.93
Aucelsa 7⅛ 92	80	98	98½	−0⅞	−0⅞	8.01
Australia 6½ 94	100	103⅛	103½	−0⅛	−0⅛	6.09
Cae. Nat. l'Energie 7 92	100	101½	101⅛	0	+0⅛	6.77
CFE-Mexico 8⅛ 92	50	198½	98⅞	−0⅛	−0⅜	8.45
Co-op. Denmark 8⅛ 92	25	104⅛	104⅞	+0⅛	−0⅛	7.68
Crown Zellrbch. 6⅝ 92	100	101⅛	101⅞	−0⅛	−1	6.55
Europarat 7⅛ 92	100	101⅜	101⅝	−0⅛	−0⅛	7.03
First City Fin. 8⅛ 92	25	103⅛	103⅛	+0⅛	+0⅛	7.70
Ind. Fund Finland 6⅞ 92	30	98⅛	98½	0	−0½	6.98
Kobe City 6⅛ 92	100	99⅞	100⅛	−0½	−1⅛	6.12
Kommunlans 7⅛ 92	35	100⅛	100⅛	−0⅛	−0½	7.16
Manitoba 7 92	100	105⅜	105½	−0⅛	−0⅛	6.24
Mitsui OSK 6½ 92	100	100	100⅛	−0⅛	−0⅞	6.48
National Pwr. Co. 8 92	30	103	103½	−0⅜	−0⅛	7.51
Nippon T. and T. 6⅝ 92	100	102	102⅛	−0⅞	−1⅛	6.32
OKB 7⅜ 92	100	103½	104	−0⅛	−0⅛	7.19
Ost. Postspar 7½ 92	100	103⅛	103½	−0½	0	7.00
Philip Morris 6⅝ 92	100	103½	103⅞	+0½	−0½	6.12
Philip Morris 6⅛ 94	100	101	101⅛	−0⅛	−1	6.11
Quebec 7⅛ 92	100	104⅛	105	−0⅛	−0⅛	6.67
Renfe 7⅛ 92	80	99	99½	−0½	−0⅞	7.86
Sekisui Pre. 5⅛ 92 WW	70	103⅜	103⅞	−0⅛	−0⅛	5.27
Soc. Lux. de Cnt. 8⅛ 92	80	106⅛	106½	−0⅜	+0⅛	7.07
Vorarlberg Kraft. 6⅛ 92	50	102	102⅛	0	−1	6.45

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	100	101	0	+0⅛	8.16
Int.-Amer. Dev. 8⅞ 91	15	101½	102⅛	0	−1½	8.54
Japan Airlines 7⅞ 87	8	96⅛	98⅛	0	−0⅛	8.80
New Zealand 8⅛ 87	15	99⅛	100⅛	−0½	+0⅛	8.34
World Bank 8⅛ 92	20	98	99⅛	0	−0½	8.46

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	198⅛	99⅛	−0⅛	−0⅛	17.00
Can. Pac. S. 16 89 C$	50	198	99	−0⅛	−1⅛	16.76
Crd. Foncier 17⅛ 89 C$	150	99	99⅞	0	−1	17.29
Hudson Bay 17 89 C$	50	199	99⅞	0	−0⅛	17.20
Q. Hyd. 16⅞ 89 (My) C$	150	98⅛	99	−0⅛	−1	17.60
Quebec Prov. 16⅞ 89 C$	50	198⅛	99⅛	+0⅛	+0⅛	16.89
Simpsons 16⅞ 89 C$	40	198⅛	99⅛	+0⅛	+0⅛	17.05
U. Bk. Nwy. 9⅛ 90 EUA	18	93⅞	94⅜	0	−0⅛	11.53
Amro Bank 10 87 Fl	150	99⅛	99⅞	0	−0⅛	10.20
Bk. Mees & H. 10 87 Fl	60	99⅛	99⅞	−0⅛	0	10.23
Eurofima 10⅛ 89 Fl	50	100	100½	−0⅛	−0⅛	10.38
Ireland 10⅛ 87 Fl	100	99⅛	99⅞	−0⅛	−0⅛	10.51
Phil. Lamps 10⅛ 87 Fl	100	100⅛	100⅞	−0⅛	−0⅛	10.13
World Bank 10 87 Fl	150	99⅛	100	0	−0⅛	10.17
OKB 14 86 FFr	400	192⅛	93⅞	0	−0⅛	16.42
Solvay et C. 14⅛ 86 FFr	200	91⅛	92⅛	0	+0⅛	17.51
Acena 14 85 £	20	98	97	0	+0⅛	15.27
Beneficial 14½ 90 £ (D)	20	89½	90½	0	+0½	16.52
BNP 13½ 91 £	15	93½	94½	−0⅛	+0⅛	14.73
CECA 13½ 88 £	20	95⅛	96⅛	−0⅛	+0⅛	14.51
Fin. Ex. Cred. 13⅛ 86 £	15	95⅞	96⅜	−0⅛	+1⅛	15.01
Gen. Elec. Co. 12½ 89 £	50	92⅞	93⅞	−0⅛	+0⅛	14.05
Hiram Walker 14⅛ 86 £	25	98	99	−0⅛	+0⅛	14.74
Privatbanken 14½ 88 £	12	94⅜	95⅜	−0⅛	+0⅛	15.87
Quebec 15½ 87 £	35	101⅞	102⅞	−0⅛	+0⅛	14.73
Reed (Nd) NV 16⅛ 89 £	25	104	105	−0⅛	+1⅛	15.56
Royal Trustco 14 86 £	12	98	99	−0½	+0⅛	14.48
SDR France 15½ 92 £	30	100	100⅛	−0⅛	+0⅛	15.39
Swed. Ex. Cr. 13⅛ 86 £	20	98	99	−0⅛	+0⅛	14.23
Eurofima 10½ 87 LuxFr	500	95½	96½	0	−0⅛	11.51
EIB 9⅛ 88 LuxFr	600	91⅞	92⅞	0	−0⅞	11.64

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅛ 92	0⅛	98⅜	98⅞	15/10	15.69	15.95
Bank of Montreal 5⅛ 91	0½	99	99½	29/10	15⅛	15.24
Bk. of Tokyo 5⅛ 91 (D)	0⅛	98⅞	99⅛	10/6	13⅛	13.38
Bk Nova Scotia 5⅛ 93	0⅛	99⅛	99⅝	29/10	15⅛	15.20
BFCE 5⅛ 88	0⅛	99½	99⅞	28/10	15	15.09
BFCE 5⅛ 87	0⅛	99⅜	99⅞	27/7	16⅛	16.31
Caisse Nat. Tele. 5⅛ 90	0⅛	99⅛	99⅝	21/10	15⅛	15.83
CCCE 5⅛ 2002	0⅛	98½	99	11/6	14.82	15.00
Co-Ban Eurofin 5½ 91	0⅛	99	99½	14/10	16	16.12
Credit Agricole 5⅛ 97	0⅛	99⅛	99⅝	24/9	15.44	15.53
Credit Lyonnais 5⅛ 97	0⅛	99⅜	99⅞	1/10	16	16.06
Credit Nat 5⅛ 94	‡0⅛	98⅛	98⅞	9/9	14.69	14.89
Denmark, Kngdm. of 92	0⅛	†99	99⅛	25/8	15.44	15.57
Den Norske Cred. 5½ 93	0⅛	98	98½	4/12	15	15.27
Ind. Bank Japan 5⅛ 88	0⅛	99⅛	99⅝	12/11	14½	14.57
Ireland 5⅛ 89/94	0⅛	†98½	99	25/11	14⅛	14.94
Kansallis Osake 5½ 92	0⅛	99⅛	99⅝	6/11	15.31	15.39
Lloyds Eurofin 5⅛ 93	§0⅛	99⅛	99⅝	29/10	17⅛	17.23
Long Term Cred. 5⅛ 92	0⅛	98⅛	98⅝	29/11	14⅛	14.85
J. P. Morgan 5⅛ 97	§0⅛	98⅞	99⅛	12/8	14⅞	14.77
Nat. West. Fin. 5⅛ 91	§0⅛	99⅛	99⅝	15/7	15.19	15.28
New Zealand 5⅛ 87	0⅛	99½	100	7/10	15.56	15.60
Nippon Credit 5⅛ 90	0⅛	99⅛	99⅝	10/8	16.06	16.16
Offshore Mining 5⅛ 91	0⅛	99	99½	2/12	14.19	14.29
PKbanken 5 91	0⅛	99	99½	17/6	14⅛	14.48
Scotland Int. 5⅛ 92	0⅛	98⅝	99⅛	23/9	15⅛	15.55
Sec. Pacific 5⅛ 91	0⅛	99½	100	24/11	15	15.04
Societe Generale 5⅛ 95	0⅛	98⅞	99⅜	1/9	15.31	15.41
Standard Chart. 5⅛ 91	0⅛	98⅞	99⅛	18/11	14⅞	15.03
Sumitomo Fin. 5½ 88	0⅛	99⅛	99⅞	9/8	16	16.06
Sweden 5⅛ 89	0⅛	99⅛	99⅝	26/8	15.31	15.41
Toronto Domin'n 5⅛ 92	0⅛	99	99½	11/8	16⅛	16.58

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	84	85½	−0⅛	4.80
Bow Valley Inv. 8 95	4/81	23.12	99½	101	0	86.51
Bridgestone Tire 5½ 96	3/82	470	82	83½	−0⅛	−1.96
Canon 6⅛ 95	1/81	829	87⅛	89⅛	+0⅛	7.08
Daiwa Secs. 5½ 96	12/81	513.3	†64	66	−0½	1.72
Fujitsu Fanuc 4½ 96	10/81	5641	83	85	−3	8.73
Furukawa Elec. 5⅛ 96	7/81	300	90	91½	0	−2.90
Hanson O/S Fin. 9½ 96	8/81	1.35	†96	97	0	−7.60
Hitachi Cable 5⅛ 96	2/82	515	83⅛	85⅛	−2⅛	1.05
Hitachi Cred. Con. 5 96	7/81	1612	74⅛	76⅛	−1⅛	5.01
Honda Motor 5½ 97	3/82	841	79½	81	−1⅛	−0.71
Inchcape 8 95	2/81	4.55	†58½	60	+0½	19.35
Kawasaki 5⅛ 96	9/81	229	59⅞	61½	−1⅛	4.56
Marui 6 96	7/81	846.4	100	101½	−1⅛	−2.88
Minolta Camera 5 96	10/81	826.4	61	62½	−0½	22.88
Minorco 9⅛ 97	5/82	8.16	†86½	88	0	38.35
Murata 5⅛ 96	7/81	2169	86⅞	88⅛	0	19.02
NKK 6½ 96	7/81	188	71	72½	−0⅞	−25.35
Nippon Chemi-C. 5 91	10/81	919	63	65	0	17.73
Nippon Electric 5⅛ 97	2/82	846	91½	92⅛	0	6.93
Orient Finance 5⅛ 97	3/82	1205	93	94½	+0⅛	12.23
Sanyo Electric 5 96	10/81	652	68	69½	−0½	12.93
Sumitomo Elec. 5½ 97	3/82	677.3	87⅛	88⅛	−0⅛	6.64
Sumitomo Met. 5⅛ 96	10/81	296.1	63	64½	−0⅛	38.83
Swiss Bk Corp 6⅛ 90	9/80	191	73⅛	75⅛	−4⅛	27.50
Konishiroku 6 90 DM	2/82	685	100⅝	101⅝	−0⅛	4.65
Mitsubishi H. 6 89 DM	2/82	263	91⅝	92⅝	+1⅛	22.75

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Volvo acquires Hamilton Bros stakes for $77m

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

VOLVO is paying $77m for shares in three oil companies belonging to the Hamilton Brothers group of the U.S. It is buying out the stock held by Mr Ferris Hamilton, who founded the group together with his brother Frederic.

Mr Pehr Gyllenhammar, Volvo managing director, said the purchase would open up for the Swedish motor industrial and trading group opportunities within the energy sector which went far beyond the initial investment. Volvo would, for instance, acquire participating rights in 29 British North Sea blocks, including the Argyll and Bruce Fields.

Volvo will obtain about 25 per cent of the stock in Hamilton Brothers Petroleum Corporation (Petcorp) of Denver, Colorado, whose shares are traded over the counter in the U.S.

It will acquire 10 per cent of Hamilton Oil Great Britain (HOGB), which has a London Stock Exchange listing and holds the rights to the British fields.

Lastly, it will get 50 per cent of Hamilton Brothers Oil Company (OilCo), a privately owned management company participating in several joint ventures with other American and international companies exploring for and producing oil and gas.

Letters of intent have been signed and the deal is expected to be completed by July 15. It is subject to the approval of the U.S. and Swedish authorities.

In announcing Volvo's current SKr 600m ($103m) rights issue earlier this year Mr Gyllehammar stated that Volvo was in the market for "an existing oil company with good oil and gas reserves" for its subsidiary, Volvo Energy. Legal and tax issues will decide whether Volvo Energy or Volvo's North American subsidiary will formally buy Mr Hamilton's shares but Volvo Energy will have executive responsibility.

Hamilton Petcorp reported earnings of $33m on a $160m turnover last year. It is active in oil and gas exploration and production in the U.S., Canada and the North Sea and to a smaller extent elsewhere. It owned proven reserves of oil and gas equivalent to 69.2m barrels at the end of 1981 and produced during the year an average of 5,748 barrels a day.

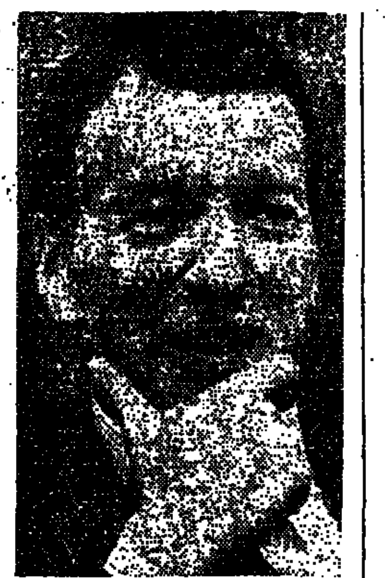
HOGB made a pre-tax profit of £13m ($23m) on a £20m turnover last year. Its share of output was 2,567 barrels a day on average and its proven reserves totalled 4.58m barrels.

Mr Gyllenhamar said cash-flow from Volvo's Hamilton investment would initially be limited to dividends but the opportunities for participating in new oil and gas exploration would be restricted only by Volvo's spending capacity. The capacity of Hamilton's management was much larger than the size of its current holdings.

At the end of March Volvo held liquid assets totalling just under SKr 6bn. It is taking up new share capital amounting to well over SKr 1bn through its rights issue and issues offered through subsidiaries.

Volvo Energy, which incurred a loss of SKr 160m last year, plans to invest about SKr 150m this year. Volvo also has a share of just over 20 per cent in the International Energy Development Corporation (IEDC), which is investing in exploration and production and in which the senior partner is the Kuwait Petroleum Corporation.

In taking over the Beijer-invest group last year Volvo also acquired the Scandinavian Trading Company, which runs a profitable oil trading business and holds some exploration and production rights in Texas.



Mr Pehr Gyllenhammar

Montedison move to buy U.S. group

By James Buxton in Rome

MONTEDISON, the troubled Italian chemical group whose pharmaceuticals division is currently its brightest spot, is to buy a small and successful U.S. pharmaceuticals concern, Kallestad Laboratories.

Kallestad, which is based at Austin, Texas, is to merge with the U.S. subsidiary of Montedison International, the Zurich-based holding company. Provided Kallestad shareholders approve, they will be offered $25 for each of their shares.

Kallestad has made important progress in diagnostic systems in the immunological field. In the past six-years it has grown by an average of 31 per cent a year and last year had a turnover of about $20m. It sells in the U.S. and exports to Canada, the Far East and South Africa.

For Montedison the acquisition fits in with its strategy of taking research and development shortcuts by buying knowhow. The sum of L200bn ($150m) was set aside for acquisitions of this kind last year, and this is the first to materialise.

ACEC wipes out losses

By Our Financial Staff

THE BELGIAN heavy electrical equipment group, Ateliers de Construction Electrique de Charleroi, has wiped out its accumulated trading deficit through an asset revaluation.

What the company describes as "good performances" in a number of divisions led to the asset revaluation which in turn has transformed an accumulated deficit of BFr 614m into a profit of BFr 614m ($26,450).

ACEC said the revaluation should make a dividend possible in future and permit planning for new capital. In 1981 the company returned net profits of BFr 128.4m against BFr 114.9m.

Thomson to produce JVC video range under licence

BY TERRY DODSWORTH IN PARIS

THOMSON - BRANDT, the recently-nationalised French electronics group, has reached agreement to manufacture the JVC range of video tape recorders under licence from the Japanese company. Production is expected to start within a few months, with the aim of building up to an output of *100,000 units* by 1983.

The Thomson decision comes about a year after the company's exit from a joint project to manufacture JVC's video equipment in Europe in collaboration with Thorn EMI of the UK and AEG Telefunken of West Germany.

Thomson was to have had responsibility for the video *camera part of this deal, but* pulled out under pressure from the Government, which apparently felt that the company would have too limited a role in the joint venture.

The video project illustrates the new orientation of Thomson-Brandt towards the consumer electronics industries. It follows the company's recent abandonment of its business-orientated video-disc programme, which was dropped in favour of plans to develop mass-market technology in this field.

Under the government plans for the nationalised industry, Thomson has been given the role of helping develop a broadly-based French consumer electronics industry, a sector in *which France is a big importer.* Dutch Philips also decided recently to begin manufacturing its own range of video recorders in France at its Radiotechnique subsidiary.

● Christian Dior, the fashion house which is part of the troubled Agache-Willot group, reports a rise of 43 per cent to FFr 2.7bn ($432m) in world-wide sales for 1981. Profits before depreciation and risk provisions were 36 per cent higher at FFr 78m.

The company is working on a medium-term development plan, details of which will be made public by the end of October. Because of the preponderance of "indirect" sales through licensees, Dior wants *to get a better grip on its* "direct" sales.

German Brown Boveri falters

BY OUR FINANCIAL STAFF

THE WEAK domestic economy *and poor margins on export* business continue to depress the results of Brown Boveri und Cie, the West German subsidiary of the Swiss engineering group.

This was explained to the annual meeting by Herr Herbert Gassert, the board chairman. He said both turnover and incoming orders for the first four months of 1982 rose by only 2 per cent on a group basis from the levels of the comparable 1981 period.

Despite an increase of around a sixth in sales, after tax profits *last year dropped by 34 per* cent to DM 20.2m ($8.4m) and as a result the dividend was reduced from DM 8 a share to DM 6.

Commenting on the decision to reduce the dividend for 1981, Herr Gassert said BBC could have maintained the dividend if last year's collapse in profits had been a one-time occurrence with signs of an immediate recovery. "Unfortunately, this was not the case."

Herr Gassert said domestic business was particularly hard hit while foreign business suf*fered from strong competition* on prices and other contract conditions. Apart from one order for a steam-fired power station, business in industrial plant construction was poor

In addition the mass production goods division, with its strong dependence on the domestic housing industry, was still suffering a weak sales volume. *This division would* probably benefit from any recovery in the domestic economy arising from falling interest rates.

Norwegian bank moves ahead

BY FAY GJESTER IN OSLO

NORWAY'S largest commercial bank, Den Norske Creditbank (DnC), reports increased profits for the first four months of this year compared with the same period of 1981, despite continuing tight government credit curbs which have hit profitability.

Operating profits — before provision for bad debts— reached NKr 128m ($21m) in January-April, or 1.29 per cent of average capital employed. This compares with NKr 109.4m and 1.32 per cent

Net interest earnings, including commission on credit and dividends received, totalled NKr 327.3m, corresponding to 3.3 per cent of average capital employed. This compares with NKr 263.8m and 3.18 per cent.

The report says there is no sign of any significant relaxation in the Government's tight credit policy, though it notes that primary reserve requirements were reduced from May 1 to 8 per cent from 10 per cent.

Sales at Hunter Douglas decline in first quarter

BY WALTER ELLIS IN AMSTERDAM

HUNTER DOUGLAS, the Dutch-based producer of aluminium products, reports 1982 first quarter sales of $128.6m, compared with $139.5m for the same period last year.

The company, which incurred a loss of $8.5m in 1981, had been expecting an improvement in trading this year but points out that first quarter sales traditionally represent less than 25 per cent of the year's total. First quarter earnings will not be reported until September.

Hunter Douglas has extensive interests in the U.S., West Germany, Belgium, Latin America, Canada and Australia, and attributes its fall in sales in part to the continuing world-wide recession. In addition, however, it notes that many of the currencies in which it trades have fallen relative to the U.S. dollar, in which it accounts.

A statement from the company points out, in fact, that this year's first quarter results are actually better than those of last year, "reflecting the effect of the ongoing recovery programme."

Last year, Hunter Douglas engaged in a major reorganisation of its activities, closing several plants in West Germany and halting production temporarily at its casting and rolling mills in the U.S. It says now that the restructuring has greatly increased its ability to cope with recession and that it still expects an upturn in performance over 1982.

Swiss travel agent lifts earnings and dividend

BY JOHN WICKS IN ZURICH

REISEBUERO KUONI, the Swiss travel agency, is to recommend an increase in its dividend from 12 to 14 per cent for 1981 after a 28 per cent rise in net profits to SwFr 3.26m ($1.59m). Mr Jack Bolli, the chairman, said the earnings figure was above expectations and came close to the 1979 record.

Kuoni, which has 111 branches in 17 different countries, last year showed a record turnover of SwFr 1.03bn, of which SwFr 592m originated in Switzerland.

Mr Bolli said Kuoni viewed the future optimistically but without illusions. The group, one of the world's biggest travel agencies, expects to be able to "defend its position" on the market and intends to add new package tours in the lower price range.

● Operating profits of Panalpina, forwarding agent, reached a record SwFr 352m ($173m) last year, a 6 per cent increase. This follows a rise of 2 per cent in turnover to SwFr 2.42bn and it allows the payment of an unchanged 12 per cent dividend.

Turnover and operating profits are likely to grow at about the same rate this year as in 1981, says Herr Walter Schneider, the chairman. Panalpina has taken steps to counter what Herr Schneider calls a "top heavy" share of European business. During 1981, new offices were set up in the U.S., Canada, Argentina, Brazil, Chile and Italy.

VONTOBEL EUROBOND INDICES

14.5.76. = 100%

PRICE INDEX	8.6.82	1.6.82	AVERAGE YIELD	8.6.82	1.6.82
DM Bonds	95.72	96.10	DM Bonds	9.164	9.081
HFL Bonds & Notes	99.23	98.67	HFL Bonds & Notes	10.051	10.014
U.S. $ Strt. Bonds	89.86	90.84	U.S. $ Strt. Bonds	14.104	13.918
Can. Dollar Bonds	91.77	92.17	Can. Dollar Bonds	15.400	15.284

Michael Thompson-Noel explains why the launch of money market funds has proved so successful in Australia

Investors put their trust in cash

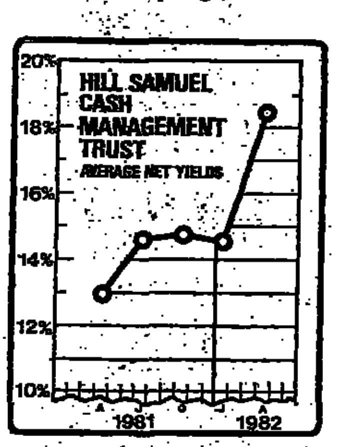
AUSTRALIA'S HONEYMOON with cash management trusts is still in full swing, even though interest rates have now come off the boil. Indeed, with total assets of around A$1.25bn (U.S.$1.32bn), the trusts—which now number 13—are viewed as among the most successful investment vehicles introduced down under.

Earlier this year, Mr Malcolm Fraser, the Australian Prime Minister, was reported to have accused the trusts of causing a massive drain of funds from the home building industry, and was promptly rounded upon by one indignant critic for a "damnable lack of understanding" of how things work.

Since then, Mr. Fraser has fallen silent and the trusts (similar to the money market funds of the U.S.) have prospered greatly, to the point where they were described this week as enshrining the very qualities called for in the Campbell Committee report on the Australian financial system: "efficiency, competitiveness, and the opening up of commercially rated opportunities to the man in the street."

The first, and still easily the biggest, of the trusts was Hill Samuel's, launched in December 1980. In its first 12 months it was thought it would attract about A$100m. In the event, investors poured in A$250m in the first seven months. At last March 31 the Hill Samuel total was A$519m. It now exceeds A$610m, spread among more than 30,000 investors, according to Mr David Adams, general manager of the trust.

Other merchant banks managing trusts are Bank of America, International Pacific Corporation, Auc Holdings, Triconti-



nental Corporation, and Roy-Aust, which is a wholly-owned subsidiary of the Royal Bank of Canada.

Two are run by sharebrokers: PP Cash Management Trust (Potter Partners) and Ordmin Cash Management Trust (Ord Minnett).

Two are run by trust companies: Aft Money Market Trust, and Equitable Group Cash Management Trust, while the remaining three are run by the Australian Bank, Building Society Resources (an investment company owned by Victorian building societies), and by Brick Securities.

One of Hill Samuel's fastest growing rivals is the Trincontinental Cash Management Trust. Launched on March 29 this year, it notched an impressive A$75m in deposits in its first six and a half months, and has assets now put at A$135m.

In the marketing battle that has followed the birth of the trusts, the BA Trust had the wit (or the effrontery) to sign up former Prime Minister Sir William McMahon for an advertising campaign that helped boost investment from A$50m on April 1 to almost A$100m in less than a month. Assets of the BA Trust now stand at A$112m, spread among more than 12,000 investors.

Some of the trusts invest only in government securities, such as Treasury notes and government bonds, as well as bank-backed paper, all with maturities of less than a year, or much shorter, in most cases. Others also invest in mortgage certificates and corporate paper, and one dabbles in interest rate futures. All funds in the trusts are on 24-hour call, with the minimum investor deposit ranging from A$1,000 to A$5,000.

An undoubted reason for the trusts' success is Australia's current high level of interest rates, though the trusts maintain that they are here to stay. At Hill Samuel, net yields have risen steadily. An investor holding units from April 1 1981 to March 31 1982 would have averaged 14.63 per cent a year.

Among the highest daily net yields quoted this week were: Liquidity Management Services Trust, 19.24 per cent; Tricontinental Cash Management Trust, 18.79 per cent; and Australian Ready Cash Trust, 18.74 per cent.

Life in the market is tough. Mr Adams believes the break-even point is A$100m of assets, implying that the majority of trusts are struggling. A 33-year-old who trained as a research chemist before joining Citicorp, and then Hill Samuel, Mr Adams says the trusts are successful because they're good distributors, working on a basic spread of about 1 per cent.

"Consumer awareness of high interest rates has never been higher," he says. "Today, the consumer is looking for security, liquidity, and rate. The cash trusts offer all three."

How high will they fly? Projections derived from the experience of the U.S. money market funds, have suggested that the trusts' assets could reach A$8bn. This figure is highly unrealistic, but they have growth in them yet.

Marginal increase for Kubota

BY YOKO SHIBATA IN TOKYO

KUBOTA, the Japanese manufacturer of cast iron pipes, and agricultural, industrial, and housing equipment, posted a 5.3 per cent rise in unconsolidated pre-tax profits to Y27.4bn ($111m) in the year to April 15, 1982 on turnover of Y536.23bn, up 2.8 per cent.

Net profits were 5.2 per cent higher at Y15.46bn and profits per share were Y11.63 compared with Y11.10.

Sales of farm machinery, the company's main product line were affected by last year's cold summer and fell by 3 per cent to account for 38.4 per cent of the total. Sales of pipes advanced 13.5 per cent however, to account for 32 per cent of the total, reflecting a doubling of exports. Industrial machinery sales rose by 2.8 per cent accounting for 14.4 per cent of turnover. Reflecting the sluggishness of the domestic housing construction industry, sales of housing equipment and building materials fell by 2.3 per cent to account for 7.1 per cent.

With the main impetus coming from pipes, exports jumped by 47.7 per cent to account for 20.6 per cent of total sales.

The effects of the increase in the cost of sales, put at Y10bn, on earnings, following the export expansion, was more than offset by exchange gains of Y2bn helped by the yen's depreciation against the U.S. dollar, and by the effects of rationalisation.

The company expects a continued expansion in the export of pipes in the current year. Sales of farm machinery which have been sluggish for several years, are also expected to pick up helped by replacement demand. Pre-tax profits are projected at Y30bn, up by 9.5 per cent, net profits at Y16bn, up by 3.5 per cent, and sales at Y580bn, up by 8.2 per cent.

Grace Brothers wins fight for discount chain

By Michael Thompson-Noel in Sydney

GRACE BROTHERS, one of Australia's leading retailers, has won the struggle for control of Norman Ross Discounts, which operates 40 stores in New South Wales and Queensland.

Yesterday, Grace Brothers raised its earlier offer of A$3 a share to A$6.02 per share, valuing Norman Ross at a little more than A$21m (US$ 21.5m).

The offer proved sufficient to extend the Grace Brothers stake from virtually 20 per cent to around 55 per cent.

In a puzzling manoeuvre, Waltons Bond, the property and retailing arm of Bond Corporation, subsequently announced a counter-offer of A$6.50 per share. But by that time, the Norman Ross founders, Mr Gerry Harvey and Mr Ian Norman, had sold their own shares to Grace Brothers.

Waltons Bond has established a 20 per cent stake in the discount chain, and stands to make a sizable capital gain. However, rumours persist that its real target is Grace Brothers.

Swan Brewery and Waltons Bond are now the main planks of Bond Corporation, the main quoted company for the interests of Mr. Alan Bond, the Perth businessman, which last week raised A$188m through the sale of its interests in companies engaged in the Cooper Basin oil and gas project.

Elbit Computers back in profit

BY L. DANIEL IN TEL AVIV

ELBIT COMPUTERS, a subsidiary of Elron Electronics Industries of Haifa, which is traded in the U.S. over the counter markets, reports a dramatic return to profitability in the year ended March 31, 17982, thanks partly to higher sales and partly to a sharp reduction in marketing expenses following re-organisation in this field.

Elbit, which makes a range of mini-computers for civilian and military use as well as military electronics systems, came up with a net profit of $944,000, or 21 cents per share, as against a loss of $3.9m in 1980-81.

Sales increased to $72.7m from $61.9m a year earlier and the backlog of orders, to be filled over the next two years, stood at $120m at end-March 1982, compared with $78m a year earlier.

The parent company, Elron, last October increased its holding in Elbit to 68 per cent through a share swap between itself and Control Data Corporation of the U.S. in which Control Data acquired 9 per cent of the outstanding capital of Elron. The balance of Elbit shares is held by the public and the company's employees.

● The Hassneh Insurance group, which accounts for slightly over a quarter of all insurance written in Israel, reports that its profit, premium income, assets, investments and reserves all showed real growth in 1981, despite inflation of 103 per cent.

Balance-sheet total rose by 170 per cent to SH 5.2bn (U.S.$333m, at the March 31 exchange rate). Pretax profit increased by 151 per cent to SH 194m and after-tax profit by 108.6 per cent to SH 116.4m.

Puzzle over Hongkong Electric holding solved

BY ROBERT COTTRELL IN HONG KONG

THE PUZZLING tale of just who does own a significant chunk of Hongkong Electric Holdings, one of the Colony's two electric utilities, seems to be maving towards a conclusion. The Hongkong Land Company led a market raid to acquire one-third of Electric's equity last month with an undisclosed partner somewhere in the background, confidently believed to be Carrian Investment, the fast-diversifying property group. But after Carrian's annual meeting last week, Mr John Marshall, the managing director, was quoted as saying that the group owned no Electric shares.

While Mr Marshall was not available for comment yesterday, sources outside Carrian say that the group does have an agreement to buy one-third of Land's Electric holding, which was not yet been exercised but is expected to be exercised soon. If correct, that would leave Land with more than 20 per cent of Electric, giving the new investment associate status.

Nigeria tests its standing

NIGERIA IS set to approach the international capital market in the coming months for loans totalling some $2bn, to finance the construction of its new standard gauge railway.

The loans, being put together in six $300m-$400m financial packages for the contractors which will build the different sectors of the 300-mile railway, will be a key test of Nigeria's status in the market.

They are being syndicated at a time when international bankers are expressing extreme caution about the health of the Nigerian economy, because of uncertainty over the state of the international oil market, on which the country depends for some 90 per cent of export earnings, and 80 per cent of government revenue.

However, the borrowing seems certain to enjoy top priority from the Federal Government, which has decided to push ahead with the railway project—an essential part of the development of a Nigerian steel industry, linking the Ajaokuta steel plant to the coast—in spite of being forced to introduce an economic austerity programme because of the slump in oil exports.

Nigerian borrowing has been virtually at a standstill in recent months, as the Government has sought to come to terms with its straitened circumstances, and stem a dramatic decline in its foreign exchange reserves. Those reserves have dropped from $9.4bn in May 1981 to little more than $1.4bn at the end of March this year, as a result of a trade deficit running at up to $1bn a month.

Bankers involved in the forthcoming loans believe that the dramatic action of President Shehu Shagari, who announced sweeping import restrictions in April, and a pause in new capital projects, should help to restore confidence. The package is intended to reduce the country's soaring import bill — running at an average N1.2bn ($1.8bn) a month for the past year—by a third.

They also point to the slow but steady recovery in Nigerian oil production to a level of 1.3m barrels a day last month, compared with a low point of less than 700,000 b/d in late March and early April. In the meantime, Nigeria's determination to maintain its Opec-fixed oil price of $35.50 for Bonny Light crude, when comparable North Sea oil was selling for $31, appears to have paid off with a steady increase in spot market prices.

The problem about making any forecast of Nigeria's reception in the capital market is that the country conforms to few of the normally accepted rules of thumb for credit-rating.

Its budgeting is conservative, its debt-service ratio relatively modest, and its economy underpinned by the long-term certainty of oil revenues, whatever the short-term problems. Yet bankers are unanimous that Nigerian paper is difficult to market.

On the other hand it has enjoyed a constant margin of ⅝ per cent over the London interbank offered rate (Libor) in the past two years, while comparable oil exporters like Mexico have faced a sharp increase in the cost of their finance.

The answer to the first apparent contradiction is that it is not any fundamental economic weakness which worries the banking community, but rather the administrative chaos which plagues government in Nigeria.

"Late payments have been more the norm than the exception in the past six months," according to one U.S. banker. "But the problem is bureaucracy and administrative hassles, rather than actual cash shortage.

"Nigeria is unique in consistently missing interest payments, but always paying in the end, including all the penalty interest."

Bankers are also worried by the plethora of Nigerian public borrowers in the market, most of them the 19 state governments, whose administration and budgeting is notably worse than that of the Federal Government.

Total Nigerian debt increased sharply last year, with syndicated loans totalling some $3bn incurred on top of $5bn debt outstanding at the end of 1980.

As a result of that increase, and the decline in oil export earnings, the country's debt service ratio no longer appears quite so modest: while it stood at only 6.5 per cent in 1981, oil production at a rate of 1.3m b/d would imply an increase to more than 10 per cent this year, only taking into account those debts incurred up to the end of 1980.

As for the ⅝ per cent margin over Libor, like so many things in Nigeria, it is not as it seems. All Nigerian borrowers also have to pay a "management fee" — also known, variously, as a contractor's fee or subvention fee — in order to obtain foreign loans.

Given an adamant refusal by the Nigerian Government to pay a higher margin over Libor, banks have simply increased that management fee, payable by the borrowing contractor, as the assessed risk has increased.

Two years ago, the standard management fee stood at 2 per cent, and today, the minimum is put at 3¾ per cent, substantially increasing the effective cost of finance.

"It would be much cheaper for all concerned for Nigeria to pay 1¼ or 1½ per cent over Libor, but the management fee is now very much part and parcel of doing business in Nigeria," says one London banker.

Such considerations apart, Nigeria still has to persuade potential lenders that it has a coherent strategy both in tackling its balance of payments problem and in its longer-term development plan, of which the standard gauge railway is one important part.

In addition to President Shagari's import restrictions, Nigeria has drawn some $740m from its holdings at the International Monetary Fund—its SDR holdings and reserve tranche, including the oil facility and supplementary financing facility. It is also reported to have agreed on a six-month, interest-free loan of $1bn from Saudi Arabia, although no official confirmation has been, or is likely to be, forthcoming.

Top Nigerian officials are determined not to approach the markets for any new jumbo loans, or direct balance of payments financing. However, their strategy of using only project finance contains a large element of hidden balance of payments finance: the railway loans, for example, will be divided into one portion backed by export credit guarantees, for the export content of the contracts, and one portion of straight Euroloans to finance the naira cost, the latter being effectively balance of payments finance.

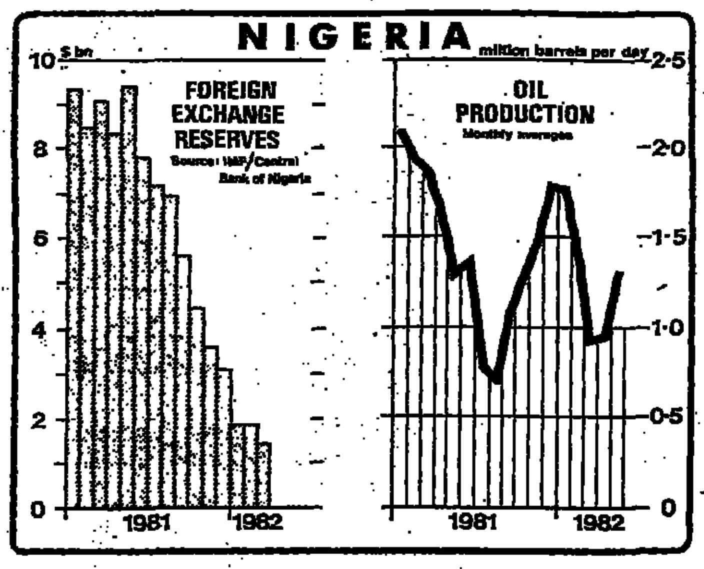
The six contracts involve six different companies or consortia, and six different lead managers: Credit Lyonnais for Dumez, and Banque Nationale de Paris for Dragages et Travaux Publics, both with French export credits; Morgan Grenfell for a Chinese-Swiss consortium, with British ECGD backing; Lloyds Bank International for the Stirling-Impresit consortium, with guarantees from ECGD and Italy's SACE; Lazard Brothers for Partizanski of Yugoslavia; and Citicorp for Paranapanema of Brazil.

Bankers admit that the Euroloan portions of the railway packages will be the most difficult to place, especially as six different lead banks will be attempting to raise money for Nigeria simultaneously. One suggestion is that the six packages should in turn be coordinated by one bank, as overall lead manager.

Another possibility is that both Yugoslav and Brazilian packages will include an element of oil barter with Nigeria, thereby reducing the overall financing requirement.

Some co-ordination is clearly needed, as well as confirmation of the top priority the railway enjoys, for the banks know there is little point in completing five of the six financing packages, and leaving one sector of the railway out in the cold.

Quentin Peel



TECHNOLOGY

EDITED BY ALAN CANE

Italy could go private with illegal data networks

BY JAMES BUXTON, IN ROME

COULD ITALY soon have illegal private telecommunications networks, providing the most advanced data transmission services in defiance of a state monopoly?

Some experts believe, with a mixture of alarm and excitement, that it could, if the government doesn't soon work out a more rational structure for Italy's telecommunications set-up.

They point to Italian television, where the state radio and TV organisation's monopoly of national — as opposed to local —broadcasting has been broken by half a dozen private national networks.

The private networks unite dozens of legitimate local stations all over the country which "just happen" to broadcast the same programmes simultaneously. In telecommunications, it is argued, private operators could move in illegally to make up for the deficiencies in what the state provides.

Italian telecommunications are at a turning point. A comprehensive plan for improving the existing network and introducing the vast range of data transmission services made possible by the revolution in telematics — the blend of telecommunications and electronics — has recently been approved by the Government, entailing the spending of L22bn ($17bn) by 1990.

In most developed countries, telecommunications are the responsibility of one major utility (such as British Telecom) responsible to a single ministry.

In Italy, control is divided between three ministries and several utilities and companies. The basic network is the responsibility of the Ministry of Posts: its own utility, ASST, handles many trunk and overseas calls and is in charge of telex services.

But the main internal telephone services, including local exchanges, and all relations with subscribers, are the responsibility of SIP, which is a state-controlled company under the Ministry of State shareholdings. Two other state companies handle overseas calls by cable and those by satellite. However, tariffs for the whole system are the responsibility of a third ministry, the Ministry of Industry.

The SIP is now recovering fast after a long period of decline, caused mainly by the Government's refusal to allow it realistic tariff increases after the 1974 oil crisis. It lost about L1,000bn over the 1979-80 period, but last year made respectable profits of L255bn, thanks to more realistic tariffs, recapitalisation and a big cut in the rent it must pay for trunk calls handled by ASST.

Bottlenecks

It is now planning to make up for years of technical stagnation. It aims to cut the average waiting time for a telephone from 10 months to six or seven, and intends to instal a million new lines a year by 1986, so that by the end of the decade Italy should have 23m subscribers against 14m today. It is planning progressively to modernise the switching system with all electronic exchanges.

But in two important ways its path is partially blocked: it wants to remove the bottlenecks on the congested main trunk services (especially the link between Rome and Milan) and to become a major force in the expected big growth area of telecommunications, the new data transmission services which its customers are requesting. The block is caused by ASST.

ASST's efficiency in providing services can partly be judged by the fact that it can take three to four years to obtain a telex connection in Italy. Being part of a Ministry it is tied to Government wage scales: an engineer with ASST may get half what he would be paid by SIP. According to one observer: "You simply can't run a 20th century telecommunications system with a bureaucracy dating back to the 18th century."

The division of responsibilities between ASST and SIP has long been recognised in Government as a bad thing. But inter-Ministrial rivalries in Italy are ferocious, and both the main Ministries involved are sources of immense patronage, one in the hands of the Christian Democrats, the other the Socialists. After Herculean labours by committees the inter-Ministerial planning body recently resolved that the relationship between ASST and SIP be revised and that the way be cleared to the installation of "data networks" and new telematic services," to be entrusted to SIP.

But the resolution went on: "The primary data network, including area switching centres, will remain the responsibility of the posts, to which will also be entrusted telepost, telefax, teletext, telex, and similar services of electronic mail." It was, in the words of a senior man at SIP: "The most disappointing decision I have ever seen in my life."

Even if ASST were highly efficient, say the critics, it would make no economic or technical sense to divide the management of the system between primary and secondary networks. In one line of the statement SIP is given responsibility for "new telematic services" in another it is specifically excluded from most known such services.

Subscribers

The critics say the decision will drastically slow down the installation of a national data transmission network, and hold up new services. SIP will go ahead installing data transmission networks for 350 major users—it already provides less subscribers—but this is not the same as a national network to which anyone can have access: to existing private system subscribers can only communicate with each other by means of tapes and discs.

If the state is unable to provide the new services efficiently the private sector is likely to move in, in defiance of the official monopoly. An enterprising outsider might use some of the existing private networks (which effectively cover much of the country) to form the basis of a privately-run national network, offering services to bridge the gaps between one local area network and another with private connections to commercial satellites.

It might be illegal but, as one observer said: "The first private radio station was illegal." Once the state monopoly was breached it might crumble."

Whether this should be good or bad depends on your point of view. In the view of Sip and in government, generally, it would be an inefficient and wasteful way of attaining the national network which SIP would be well placed to supply, if it only had the chance.

But the private TV networks supply a compelling counter-argument. Their programmes are usually superior to those of the state authority, the RAI, which, however, still dominates in costly news services. Their legality is still being challenged in the courts, but their popularity and growing political entrenchment make it virtually inconceivable that they would be closed down.

Desirable

It may not come to that in telecommunications. More politicians are realising that a single telecommunications entity under the aegis of a single ministry is highly desirable, and the recent judgment of Solomon could yet be revised. But time is running short according to one highly placed official: "The situation is already intolerable. If the impasse is not overcome in the next five years it will become explosive."

Filter noise reduction

A COMBINED filter and silencer for air compressors that significantly reduces noise emission is available from Balston, Moncktons Lane, Maidstone, ME14 2QB.

When compared with a commonly used sintered polyethylene silencer the Balston equivalent has been found on test to reduce noise levels from 88 dBA at seven bar upstream pressure to 70 dBA, and from 81 dBA at 1.4 bar to 65 dBA, with comparable savings over the range.

Capacity of a single Balston filter/silencer in terms of air flow rates ranges up to 10,700Nm³hr, at seven bar line pressure. They are made of borosilicate glass microfibres with a fluorocarbon resin binder and remove all visible oil mist.

Texas suitcase for voice synthesisers

BY GEOFFREY CHARLISH

TEXAS INSTRUMENTS, which has been playing a leading part in bringing electronic voice synthesis to the market, has developed a portable suitcase-sized device which can take about 400 words of speech, digitise them and load them into memory chips for use in commercial and industrial OEM products.

Up to now, the company has been offering standard speech read-only memories (ROMs) from a library of pre-encoded words and phrases.

Although it has been able to encode and store speech to meet individual customer's requirements, this could only be done on a mainframe in the U.S., taking up to 10 or 12 weeks to supply a ROM or electrically programmable ROM (EPROM) for the customer's use.

Now the company can use the new product at its Bedford location or alternatively the customer can buy it for £15,800, allowing him to build up experience and to generate his own word library with complete confidentiality.

Texas is calling the unit "Portable Speech Lab." It is a self-contained system which analyses data by the linear predictive coding (LPC) method for immediate production of synthetic speech.

Rather than directly translating the rising and falling tones of human speech into digital codes, LPC encodes only the essential energy and pitch information and then is able to "predict" how the entire word or phrase should be spoken.

One outcome is a lower data rate requirement, so that only about 1 per cent of the memory space is needed compared with direct encoding and, claims Texas, 40 per cent less than any comparable encoding technique. Fewer components are called for, resulting in lower cost and less bulk.

Coefficients

Complete words and phrases can be stored in this way, or the equipment can be used to string together individual sounds to form words. Data rates in the latter case are even lower although, because sounds have been joined together the speech can sound "choppier" and more machine-like.

The encoded data generated by the machine can, if required, be loaded to a mainframe computer via an RS 232C link. Or, it can be immediately listened to. Alternatively, it can be edited first with the aid of a terminal which displays the speech data as columns of coded digits representing energy, pitch and filter coefficients.

Speech is produced by the Texas VSP, voice synthesis processor, which takes the coded speech from the memory chip and processes it in what amounts to an electronic model of the human vocal tract.

Speech put into the Texas analysis system can be processed, digitised and re-synthesised from the loudspeaker in less than three seconds

Just as speech is created by air impulses passing through the tract, the synthetic speech is generated by processing the electronic impulses through a rapidly changing electronic filter. The result, claims Texas, is natural sounding synthetic speech.

The synthesis processor (VSP) can itself be interfaced with four, eight or 16 bit microprocessors which, together with the memory chip and loudspeaker will form a complete speech synthesis system of the kind that will soon be appearing in appliances, office equipment, learning aids and security systems.

Improved technique for residual catalyst HDPE measurement

SCIENTISTS at Phillips Petroleum Chemicals in Belgium have improved the technique for measuring by infra-red spectrometry the residual catalyst in commercial high-density polyethylene (HDPE).

Standard analytical procedure requires more than two hours to burn a 100-gram sample of polymer to a measurable quantity of ash. Phillips claims that its infra-red method is faster and more accurate in serving as a guide for controlling the particle form polymerisation process in a commercial reactor.

Accurate analysis of catalyst residue is important in determining catalyst productivity, commonly in the range of 1,000 to 10,000 grams of polymer per gram of catalyst.

The infra-red method involves the preparation of a polymer film on a Buehler mould by placing about a half gram of the sample between aluminium foil discs on a 1 mm spacer and heating to 160 deg C.

After pressing at 415 bars and cooling to room temperature, the sample thickness is measured to the nearest 0.01 mm and absorption spectra of the polyethylene films containing silica catalyst support taken by an ordinary commercial spectrometer.

Seminar

"TECHNIQUES for Unmanned Machining" is the title of a one day seminar organised by the Machine Tool Industry Research Association to be held at the Association's headquarters in Macclesfield next Thursday (June 17). Papers will be presented by MTIRA speakers and others from TI Churchill, UMIST, Kongsberg, Renishaw and KTM. Brenda Bosman at MTIRA (0625 25241) will be pleased to hear from you.

BASE LENDING RATES

A.B.N. Bank	12½%	Robert Fraser	14 %
Allied Irish Bank	12½%	Grindlays Bank	‡12½%
American Express Bk.	13 %	■ Guinness Mahon	12½%
Amro Bank	12½%	■ Hambros Bank	12½%
Henry Ansbacher	12½%	Heritable & Gen. Trust	12½%
Arbuthnot Latham	13 %	■ Hill Samuel	§12½%
Associates Cap. Corp.	13 %	C. Hoare & Co.	†12½%
Banco de Bilbao	12½%	Hongkong & Shanghai	12½%
BCCI	12½%	Kingsnorth Trust Ltd.	14 %
Bank Hapoalim BM	13 %	Knowsley & Co. Ltd.	13 %
Bank of Ireland	12½%	Lloyds Bank	12½%
Bank Leumi (UK) plc	12½%	Mallinhall Limited	12½%
Bank of Cyprus	12½%	Edward Manson & Co.	14 %
Bank Street Sec. Ltd.	14 %	Midland Bank	12½%
Bank of N.S.W.	12½%	■ Samuel Montagu	12½%
Banque Belge Ltd.	13 %	■ Morgan Grenfell	12½%
Banque du Rhone et de la Tamise S.A.	13 %	National Westminster	12½%
Barclays Bank	12½%	Norwich General Trust	12½%
Beneficial Trust Ltd.	14 %	P. S. Refson & Co.	13 %
Bremar Holdings Ltd.	13½%	Roxburghe Guarantee	13½%
Brit. Bank of Mid. East	12½%	E. S. Schwab	13 %
■ Brown Shipley	13 %	Slavenburg's Bank	12½%
Canada Perm't Trust	13½%	Standard Chartered	‖12½%
Castle Court Trust Ltd.	13 %	Trade Dev. Bank	12½%
Cavendish G'ty T'st Ltd.	14 %	Trustee Savings Bank	12½%
Cayzer Ltd.	13 %	TCB Ltd.	13 %
Cedar Holdings	13 %	United Bank of Kuwait	12½%
■ Charterhouse Japhet	13 %	Whiteaway Laidlaw	13 %
Choulartons	13 %	Williams & Glyn's	12½%
Citibank Savings	¶12¾%	Wintrust Secs. Ltd.	13 %
Clydesdale Bank	12½%	Yorkshire Bank	12½%
C. E. Coates	13½%		
Comm Bk of Near East	13 %		
Consolidated Credits	13 %		
Co-operative Bank	*12½%		
Corinthian Secs.	12½%		
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
Eagil Trust	13 %		
E.T. Trust	13 %		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9.5%, 1-month 9.75%. Short term £8,000/12 month 12.1%.
† 7-day deposits on sums of: under £10,000 9¼%, £10,000 up to £50,000 10¼%, £50,000 and over 11%.
‡ Call deposits £1,000 and over 9¼%.
‖ 21-day deposits over £1,000 10½%.
§ Demand deposits 9¼%.
¶ Mortgage base rate.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100); retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1981							
1st qtr.	99.6	88.8	98	106.6	130.8	2,282	109
2nd qtr.	99.0	88.9	92	104.7	134.5	2,482	99
3rd qtr.	99.9	89.8	104	105.5	139.1	2,641	96
4th qtr.	100.3	89.9	90	105.4	168.5	2,752	104
Oct	101.6	91.5	92	106.2	147.8	2,523	98
Nov	100.1	90.0	94	105.6	158.4	2,760	104
Dec	99.1	88.1	83	104.6	193.1	2,769	108
1982							
1st qtr.	99.7	89.4		106.6	141.3	2,817	112
Jan	99.2	88.8	92	107.8	143.9	2,812	112
Feb	99.7	89.8	97	106.1	137.6	2,818	113
March	100.2	90.0		106.6	142.3	2,822	111
April				105.9	146.1	2,850	110
May						2,872	107

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1981							
1st qtr.	93.6	88.3	117.2	84.2	75.7	76.8	11.1
2nd qtr.	93.1	88.7	118.0	84.8	78.7	75.6	14.1
3rd qtr.	93.5	89.3	118.7	86.3	77.2	75.8	14.2
4th qtr.	93.4	90.0	121.3	86.2	82.7	75.6	11.6
Oct	95.0	90.0	124.0	87.0	86.0	76.0	13.2
Nov	93.0	90.0	121.0	86.0	83.0	76.0	13.9
Dec	92.0	90.0	119.0	86.0	79.0	75.0	7.3
1982							
1st qtr.	91.9	91.3	119.4	87.1	83.0	73.7	15.0
Jan	91.0	91.0	119.0	86.0	80.0	73.0	11.6
Feb	93.0	91.0	119.0	87.0	84.0	75.0	15.6
March	92.0	92.0	120.0	88.0	85.0	74.0	17.8
April							18.0

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
4th qtr.	126.4	111.4	+1,265	+2,114	+222	105.2	27.90
1981							
2nd qtr.							26.73
4th qtr.	132.4	126.4	+482	+1,357	+698	99.8	23.35
Feb	118.9	107.8	+334	+767	+230	105.1	28.43
March	122.3	102.9					28.21
April	127.1	104.7					28.07
Sept	128.8	129.2	+ 38	+271	+391	99.6	23.70
Oct	132.4	122.2	+396	+658	+ 74	98.9	23.23
Nov	134.4	136.3	−229	+ 63	+205	100.1	23.46
Dec	130.6	120.6	+315	+606	+419	100.4	23.35
1982							
Jan	118.9	123.4	−152	− 42	+168	101.2	22.33
Feb	124.8	120.6	+154	+264	+270	100.6	22.27
March	132.6	125.2	+222	+331	+214	101.3	18.97
April							18.16
May							17.58

Trade figures for March-August 1981 not available because of Civil Service dispute.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1981							
1st qtr.	6.8	8.8	12.4	+1,208	1,081	1,945	12
2nd qtr.	23.1	17.3	6.5	+4,330	1,183	1,994	12
3rd qtr.	8.1	18.1	29.7	+5,938	868	2,067	14
4th qtr.				+2,364	422	2,081	
July	14.2	17.2	19.8	+2,340	290	670	12
Aug	0.8	14.5	35.4	+1,240	244	675	14
Sept	9.7	22.8	34.3	+2,458	334	712	14
Oct	−4.7	20.2	24.0	+1,425	154	690	
Nov	7.6	17.3	20.4	+ 460	65	684	
Dec				+ 479	203	707	
1982							
1st qtr.				+3,132	967	2,187	
Jan				+ 856	356	665	
Feb				+1,103	247	728	
March				+1,173	364	794	
April				+1,599	437	728	

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1981							
1st qtr.	195.3	213.8	212.3	280.4	268.7	261.56	101.4
2nd qtr.	202.2	225.5	219.4	290.0	277.9	245.97	97.8
3rd qtr.	209.9	225.9	224.1	295.8	278.0	260.65	91.1
4th qtr.	214.6	237.3	229.2	305.5	285.6	253.98	88.7
Oct	212.5	238.2	227.8	303.7	282.7	259.12	88.7
Nov	214.3	236.9	229.4	306.9	285.5	245.79	90.1
Dec	217.1	238.8	230.4	308.8	288.5	248.97	90.8
1982							
1st qtr.	216.9	238.0	234.3	311.5	297.7	242.40	91.1
Jan	214.1	238.9	232.9	310.6	296.1	252.94	91.1
Feb	217.0	239.9	234.4	310.7	297.2	241.77	91.2
March	219.5	235.2	235.5	313.4	299.8	242.40	90.5
April		238.5	237.1	319.7	302.6	246.84	90.0
May		236.9	238.3			237.39	89.9

* Not seasonally adjusted.

FINANCIAL TIMES SURVEY

Thursday, June 10th, 1982

BEATRICE OIL FIELD

Today's inauguration by Princess Alexandra of the Beatrice inshore field in the North Sea marks a number of significant developments, both for some of the companies involved and the UK offshore industry in general

Rewriting the text books

BY RAY DAFTER, ENERGY EDITOR

BEATRICE, which started producing oil last September, is one of the new generation of medium-sized fields to be exploited on the UK Continental Shelf. Estimated recoverable reserves are put at 117m barrels, a seventeenth of the size of British Petroleum's early Forties discovery. Its development cost, at around £660m, is also a fraction of the billions invested in some of the biggest North Sea projects.

But Beatrice is the first of its type. Its unusual properties — unique in the North Sea — have presented special challenges for the operator, British National Oil Corporation, and the other four members in the field consortium: BP Petroleum Development, Deminex UK Oil and Gas, Hunt Overseas Oil, and Kerr McGee Oil (UK).

It was announced a few days ago that BP is selling its 15 per cent stake in the field to London and Scottish Marine Oil for £75m.

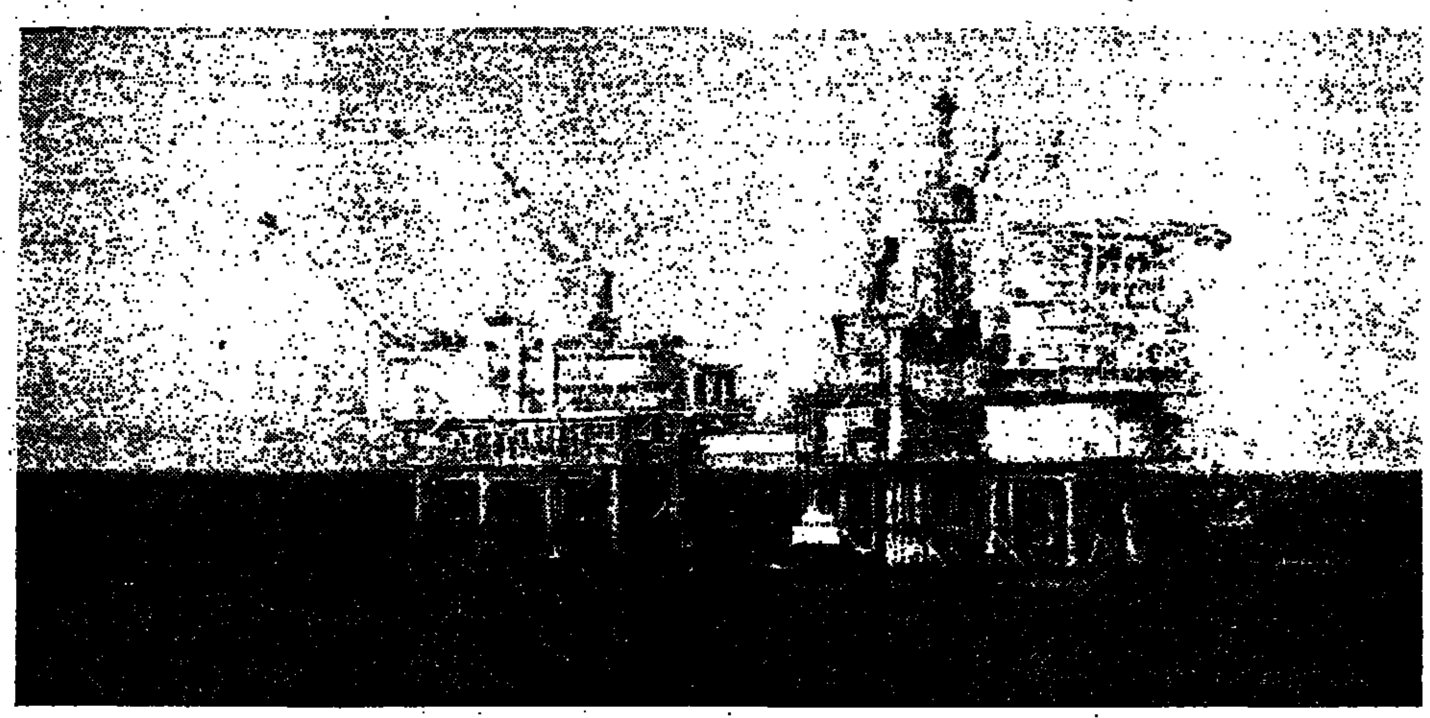
This group of international companies (British, American and German) was faced with the environmental challenge of developing a field in fishing grounds only 12 miles from the Scottish mainland in the Moray Firth, an area of outstanding natural beauty.

To make matters worse, the poor-quality reservoir rocks in Beatrice have been reticent to release trapped oil. And the oil that is exploited is of an unusual waxy quality, resembling brown shoe polish at normal winter temperatures in the North Sea.

As a result of all this BNOC has had to instal water injection equipment and small oil-lifting pumps to help the recovery operations. The oil is being heated and treated with a tailor-made chemical (a pour point depressant) to make sure it does not solidify during the 49-mile pipeline journey to a shore terminal at Nigg Bay in Cromarty Firth.

And rigorous environmental protection systems have had to be adopted. For instance, the Beatrice Oil Pollution Control Plan, designed to deal with any oil spillages, has been drawn up following consultation with the local community, the Energy Department, the Department of Trade, the Highland and Grampian regional councils, Cromarty Firth Port Authority, the Nature Conservancy bodies, and the river purification boards.

"We have written the first book for the industry on how to develop oil fields close to shore," said Mr Malcolm Ford, formerly with Shell and now a BNOC Board member and director in charge of the corporation's exploration and production activities. "What we have done at Beatrice will have an influence on future inshore projects, such as in the English Channel."



The Beatrice platforms are only 12 miles from the Scottish mainland in the Moray Firth. The challenges met here are expected to influence future inshore projects

Mr Ford is also aware that Beatrice has helped BNOC, only six and a half years ago. "We are writing our track record on Beatrice," he said. Mr Ford pointed out that Beatrice was much more a BNOC project than the Thistle Field development which the Corporation took over in a fairly advanced state of preparation from the previous operator, Burmah Oil.

But BNOC cannot claim even Beatrice as its own. The field was discovered in September 1976 by the previous operator of licensed block 1/30 — Mesa Petroleum, an American independent oil corporation.

Mesa was applauded for finding the field in an area previously looked at — and generally discarded — by others in the oil industry. By the following year, 1977, Mesa declared its discovery as a commercial prospect in the belief that it could recover some 160m barrels of the 480m barrels trapped in the reservoir.

Early in 1977 Mesa awarded the main management development contract to Brown and Root — Wimpey Highlands Fabricators. But the Energy Department took a dim view of Mesa's development proposals, originally based on a concept of offshore storage and tanker loading. The Department rejected the plans on environmental grounds.

A revised application, based on the installation of a pipeline and a shore terminal, was approved in August of 1978. In anticipation of approval Mesa had already gone ahead and ordered two shallow-water production platforms — one for drilling and the other for processing — from the Madrid yard of Dragados y Construcciones of Spain. The Spanish company had submitted the most competitive tender but the UK offshore supplies industry was far from happy.

In 1979 Mesa bowed out of the Beatrice project, announcing that it wanted to consolidate its activities. (In conjunction with Tenneco, Mesa had just bought U.S. oil and gas properties from Ashland Oil at a total cost of $340m.) In a deal, reported to be worth about $57m, BNOC acquired Mesa's 25 per cent stake in Beatrice.

At the same time there were a number of other licence changes—including Deminex's acquisition of Creslenn Chelsea. And the musical chairs have not stopped; hence BP's proposed exit from Beatrice as part of its rationalisation plans.

BP is not keen to hold a minority, non-operating stake in a relatively small oil field. But the company's decision to sell its Beatrice interest is still significant in that it is a sign of the oil industry's much more relaxed attitude to future supplies of crude oil.

It will be the first time that a major North Sea company has sold oil producing interests.

BNOC was regarded as a contender for the BP stake, given its commitment to the Beatrice project and its interest in developing its equity oil portfolio.

Significantly, BNOC points out that since it took over operation of the project 89 per cent of the value of orders placed for offshore and terminal equipment have gone to UK companies. This is well above the average for the UK content of total orders placed—67 per cent last year, and 71 per cent in 1980.

It must be likely that later this year (probably in September) BNOC will place the contract for a planned third Beatrice platform with a UK construction yard given the depressed state of the fabrication industry and the Corporation's "buy British" policy. Like other operators in the North Sea, BNOC knows full well that its attitude towards helping UK industry weighs heavily in the minds of the Department of Energy when it is making discretionary awards of licences. BNOC will almost certainly be among companies bidding for new offshore exploration licences later this year.

Under Government proposals the general public will soon be able to invest in BNOC's exploration and production interests, including its stakes in Beatrice and other North Sea fields such as Thistle, Clyde, Dunlin, Ninian, Murchison, Viking, Statfjord, Hutton and Brae. As a result of legislation, now going through Parliament, the exploration and production interests are to be hived off into a new company called Britoil with the public being invited to buy 51 per cent of the shares. BNOC's trading arm—the operation which has so much influence over North Sea pricing policies—is to remain in state hands.

The Beatrice Field provides a number of object lessons for would-be investors, possibly new to the North Sea. The field has shown that exploration is an uncertain science; its discovery surprised the industry. Development, too, can be a risky business. At one time those connected with the Beatrice project were hoping that the field would yield up to 100,000 barrels a day. At present it is producing oil at the rate of just 33,000 b/d and the peak—likely to be achieved for a short period in 1984—is not expected now to rise much above 50,000 b/d.

On the other hand, Beatrice demonstrates the industry's ingenuity to extract oil in commercial quantities from relatively small, troublesome reservoirs in environmentally-sensitive areas. Many more of these fields will have to be exploited if the UK is to remain self-sufficient in oil beyond the mid-1990's.

BEATRICE OIL FIELD II

Extensive care to protect environment

PLANS TO instal an oil platform a few miles off some of Britain's most spectacular and unspoilt coastline were greeted with uproar.

Further proposals to bring the oil ashore by pipeline to a mainland terminal used by 40,000 tonne oil tankers increased the apprehensions of naturalists and a conservation-minded public.

Beatrice is within sight of cliffs which are the nesting grounds for an estimated 400,000 sea birds and the terminal is near sandbanks which are frequently black with thousands of oystercatchers.

The huge variety of birdlife — guillemot, kittiwakes, long-tailed duck, widgeon—as well as the flora and fauna of the coast and fishing grounds offshore make it the site of a potential ecological disaster.

The response of the British National Oil Corporation as operator in the Beatrice project has been to set up an extensive programme of pollution control and environmental monitoring to accompany the field's development.

This work, which has cost BNOC an estimated £2m, covers the academic and consultants' fees in establishing a programme to watch the local coastline and the extensive anti-pollution equipment ready for use in case of a spill.

The specialist advice to prepare and carry out the monitoring involve Aberdeen University's Department of Zoology and its offshore marine studies unit; the Field Studies Council's oil pollution research unit; consultants Masspect Analytical; the Nature Conservancy Council; the Royal Society for the Protection of Birds, and Sphere environmental consultants.

One of the problems in setting up an environmental study was that because no other offshore platforms were so close to shore it was difficult to establish any norms.

Environmental groups most concerned and alarmed at the prospects of oil exploitation in the Moray Firth feel that the oil company's approach has been a responsible one. But there are reservations.

To BNOC it was a question of both taking and being seen to take effective measures to prevent and contain pollution. Any further oil exploration in the area would depend on the pollution difficulties of the Beatrice Field.

Oil spilt at the platform itself could be blown ashore within 20 hours. And because the oil, once in the water, tends to form heavy blobs rather than the more familiar oil slick on the surface, normal chemical dispersants are ineffective. Spills must be dealt with using skimming nets or inflatable booms which surround the oil.

As one of the North Sea's most modern developments, the platform's operations are extensively monitored by a computer which can quickly spot any leaks or potential leaks. The entire complex can be shut down in 30 seconds.

Oil dripping from machinery is collected in drip trays to be treated; pipes and pipelines are pressure tested. The 49-mile pipeline to the mainland terminal has been buried one metre below the sea bed to make it secure from possible damage by fishing boats' gear.

Emergency shutdown procedures are also in force onshore at Nigg terminal. The two vast storage tanks are designed to prevent overfilling and are housed in concrete shells to contain any rupture of the tank.

At the jetty head a permanent boom has been installed to encircle a ship and the jetty to contain an oil slick. Heavy fines face the operators of a ship polluting the harbour. the company brought in its own resident ecologist to study the coastline. Thirty sites along the north and south coasts of the firth were monitored to identify changes and outline specific protection or clean-up measures which might be required.

The elaborate environmental monitoring programme has collected a great deal of scientific data and established monitoring systems in several areas.

● A study to set up methods of recording changes in the shoreline conditions. The condition of rocky shores and mudflats were noted along with forms of animal life, to form a biological portrait of the shoreline. Particular quadrants were set out which could be compared and repeatedly studied to note any change.

● An ornithological study monitored seabird breeding population, the little known activity of seabirds at sea and studied seaduck and shore birds. Here, however, there has been criticism that the studies are not sufficiently thorough.

● A sublittoral study surveyed the seabed sediments in the Moray and Cromarty firths and a environmental quality study looked at coastal water samples, shellfish contamination and air and noise problems which might be created by onshore operations.

In each case the studies were contracted by BNOC to outside specialist bodies. In many cases these were the organisations which had the gravest doubts about the Beatrice development in the first place: bodies such as the Nature Conservancy Council and the Royal Society for the Protection of Birds. These bodies are still concerned about the environmental issues.

The studies, although provided for BNOC, may be made accessible to the public, to overcome possible accusations that unfavourable details would not be made known.

Mark Meredith

The guillemot is one of the seabirds whose habitat will be protected by special pollution control measures

Steak is oilman's staple food

YOU CAN spot the oilman at Aberdeen's Dyce Airport. He is often at the bar having his first drink after two dry weeks offshore while he waits for a flight home.

Often he wears a jeans suit, he occasionally wears an American baseball hat and may be carrying a Samsonite briefcase smothered with stickers from his past travels.

If there is any AA or Michelin guide to conditions on the North Sea oil platforms, it is probably exchanged verbally at the airport bar where the paths of the oilmen cross briefly.

Most of the comparisons about life offshore are about the hours spent off duty. With his oil-smeared boots off and standing in the rack by the door, the oilman inside the accommodation module is as far away as he is able to get from the noise of the sea below. Their rooms usually have two bunks, and clothes can be washed in the platform's laundry in 15 minutes.

Steak, predictably, remains the oilman's staple food although it does not always cover the plate as legend would have it. Occasionally a trawler will come alongside and offload a few boxes of freshly caught fish for a special treat.

A soft ice-cream dispenser is used rather like the office worker might use a water fountain. The 200 men on Beatrice consume an estimated 2,000 ice-cream cones a week.

Bulging waistlines would be more of a problem were there not hundreds of stairs to clamber up and down in moving about the twin platforms.

Beatrice is probably the only platform close enough to the UK mainland to pick up shore-based television signals. On others a constant turnover of video cassettes provides entertainment.

During the hours between shifts the oilmen may spend time either glued to their television sets or possibly watching birdlife. Some are writing books.

Work offshore is still lucrative for the top oilmen, engineers and managers. The senior man on Beatrice can expect between £25,000 and £30,000 per year.

But wages at the level of the manual workers and maintenance men have tended to be squeezed over the past year, according to employment agencies who supply them.

A manual worker might earn £14,000 for offshore work but much of the employment is tied to specific operations such as painting a platform and offers no assurance for the long-term.

BNOC is not unionised offshore but the corporation has an understanding with the Inter-union Offshore Oil Committee, an association of unions affiliated to the TUC.

Members of the UK Offshore Operators Association such as BNOC have an understanding, which allows the committee to visit installations to discuss with staff whether they wish to join a union.

M. M.

Novel technology watched by offshore consortia

THE GENERAL development concept for the Beatrice Field differs very little from any of the other commercial oil projects in the North Sea: production and accommodation platforms linked to a carefully landscaped terminal by submerged pipelines.

But there are a number of unusual features about Beatrice which have given rise to novel technology in the context of the UK Continental Shelf. In a sense Beatrice is a test bed, being watched closely by many offshore consortia which could face similar challenges to those presented to the BNOC group.

The development of a field close to shore clearly presented its own environmental challenges. But it is the nature of the oil and its surrounding reservoir rock that has posed the greatest technological problems.

Although Beatrice oil is light with a similar specific gravity to other North Sea crudes—38 degrees under the American Petroleum Institute system of measurement—it is unusually waxy. The wax content represents about 17 per cent of the total weight of the oil. This makes the oil extremely difficult to handle.

At the winter temperature of the North Sea (about 5 deg C) the oil resembles brown boot polish. It has become part of the offshore industry's folklore that without special treatment the pipeline between the field and the shore terminal should become "the longest candle in the world"—all 49 miles of it.

The oil is kept in a fluid state by means of a chemical—an inhibitor known as a pour point depressant — tailormade for Beatrice by Shell Chemical. The chemical is injected into the well bores from the drilling platform.

To help it on its way the oil is heated to 65 deg C at the field and again at the shore terminal. Although the pipeline is not specially insulated, it is concrete-coated and trenched, sufficient with the pour point depressant to maintain the in a mobile state. Indeed, the oil travels at a healthy rate of one metre per second.

Mesa Petroleum, the discoverers and original operator of Beatrice, viewed pipeline transport of such a waxy crude with some misgiving and put forward a plan to the Government for an offshore floating storage and loading terminal. Consultants Halcrow, Ewbank and Associates warned the Government at the time: "The magnitude of this mooring problem, and the potential consequences should the mooring fail, are probably without precedent."

In another report, also commissioned by the Government, consultants Williams-Merz concluded that a pipeline method of oil transport would be feasible and would involve no new technology nor any significant advances from current practice.

Consequently, the Energy Department took an unusual step and on November 25 1977 rejected the field development plan based on offshore loading. The pipeline method was adopted.

But BNOC and its partners have had another major problem to contend with. The field, lying at a depth of 6,700 ft below 150 ft of water, has the most challenging reservoir characteristics. The porosity and permeability of the reservoir rocks are poor which means that the oil cannot flow freely. To make matters much worse the reservoir rocks are thin and broken up with very little natural pressure and insufficient gas.

All this has necessitated the installation of a water injection system (to boost the reservoir pressure) and down-hole submersible pumps to assist the oil to the surface.

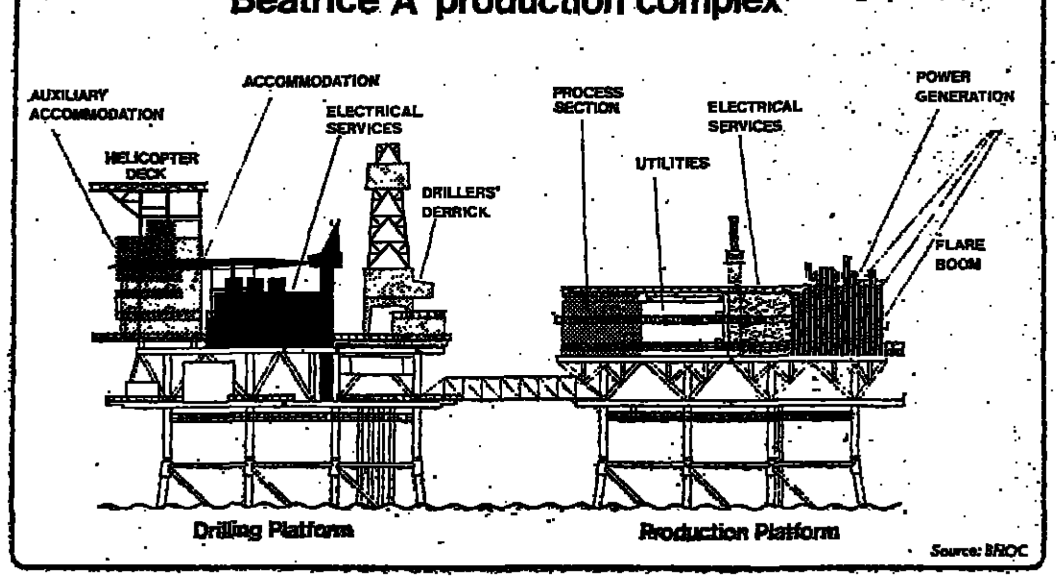
It is possible that, before too many years have passed, British Petroleum and others will be using down-hole pumps to exploit some of the vast reserves of difficult-to-produce oil which lie to the west of the Shetland Islands. If this proves to be the case, Beatrice will have provided the industry with valuable operating experience.

R. D.

BEATRICE FIELD INFORMATION

Block: 11/30a
Oil reserves: about 400m barrels
Recoverable reserves: estimated 117m barrels
Peak oil production: just over 50,000 barrels a day (1984)
Reservoir area: 4,300
Reservoir depth: 6,700 feet (between Upper and Lower Jurassic)
Type of oil: 38 degrees API; low sulphur content; 17 per cent wax
Water injection rate: 96,000 barrels a day

Beatrice 'A' production complex



Source: BNOC

High number of British suppliers

THE VALUE of sales of offshore oil and gas will probably reach more than £13bn this year. About one-fifth of the money invested in industry in the UK goes into oil and gas production.

This is the impact of the North Sea on the economy of the UK and the most important reason why the Government through an office in Glasgow does its best to encourage offshore developers to use British industrial resources.

The Offshore Supplies Office also watches the actual proportion of the orders going to British-based—but not necessarily British-owned—companies each year.

This figure last year declined to 67 per cent from 71 per cent the previous year reflecting some slowdown in offshore development.

BNOC took over as operator of the Beatrice project from the American Mesa Petroleum Company after a worrying start in terms of British business. The contracts for the construction of the platform jackets—the steel legs which go down to the sea floor—had already gone to a Spanish company, Dragados y Construcciones, though much of the steel was British.

Since it took over, however, BNOC has achieved an estimated 89 per cent UK content of the work. More than 55 companies are on the list of contractors who helped build the offshore platform and onshore terminal at Nigg. A further 30 companies helped out supplying the project with everything from drilling equipment to decorations for the accommodation modules.

At a crucial stage in the building of the platforms BNOC established a presence in the McDermott fabrication yard at Ardersier near Inverness to supervise and test equipment as it was in production. Fabrication yards often do not take kindly to such close attention from a client, but BNOC engineers feel the co-operation worked well and achieved great savings in time, especially on pre-testing equipment on completion. Experts were brought in from the Thistle field and the result was even an underspending in some aspects of construction.

At the Nigg terminal, by contrast, there were snags to be sorted out, BNOC found. The terminal was built on reclaimed land in the Cromarty firth, which had been dredged by Costain Blankevoort (UK). But in constructing a jetty from the storage tanks to the tanker berth it was found that the steel piles were not setting in the soft ground.

Against time George Wimpey Engineers devised a technique of using finned piles, welding four or six "T" sections along the bottom of the piles to give them better purchase in the ground.

Offshore the heavy machinery of the production platform, where the oil is treated and gas taken off, was installed. Seven Ruston turbines were bolted in place to produce enough electricity for a town of 15,000 people. They were to be powered by the gas brought up with the oil.

Honeywell computers were installed to monitor all aspects of drilling and production as well as the elaborate safety and anti-pollution measures on Beatrice.

An estimated 25 per cent of the production costs in the £650m project is thought to have been spent on the special steps for handling Beatrice's waxy type of crude oil, including lagged piping and oil handling equipment and heating plant.

The hold of one of the three supply boats from Stirling Shipping, the Stirling Sword, was converted to carry the special PPD solvent which is used to increase the oil's fluidity. The Stirling Skua and Stirling Cormorant each make about 10 round trips a month to supply the Beatrice platform.

BNOC takes delivery of an emergency vessel, the Moray Harstad, from Harstad Marine later this month. It will have firefighting and anti-pollution equipment and will replace two vessels, the Rig Express firefighting vessel and Clean Seas One, presently on station.

On shore, BNOC has been having second thoughts about a supply base which the Cromarty Firth Port Authority had pressed it to build at Invergordon, near Nigg. BNOC wants to service Beatrice from Peterhead and has drawn up plans to seek outside contractors interested in operating or buying the Invergordon base for offshore work.

Although Beatrice is only 12 miles offshore, transporting the 200 crew to and from the platforms still involves a 40-minute helicopter ride from Aberdeen. Bristow Helicopter's large S-61 helicopter, the Kilo Bravo, was virtually assigned to Beatrice, spending 80 per cent of its flying work carrying men and supplies back and forth.

M. M.

Greater priority for smaller finds

THE DEVELOPMENT of the Beatrice Field is a clear sign that the North Sea oil industry has left behind the euphoria of the initial giant discoveries and settled into a pattern familiar to all who have worked in mature oil-producing regions.

Now, development work is based largely on the exploitation of medium-sized fields, prospects which might have been given a fairly low priority in the 1970s when interest was focused on such huge discoveries as the Brent, Forties or Ninian fields.

According to the UK Offshore Operators Association, the first 26 fields—now producing or under development — contain average recoverable reserves of more than 400m barrels. On this basis, Beatrice ranks as one of the smaller fields although it does have the advantage of lying close to land in relatively shallow water.

But Beatrice's reserves appear attractively large when set against the majority of fields that will be exploited in the future. The operators' association has identified another 11 potentially commercial fields which, it says, contain an average of 100m barrels of recoverable oil. British National Oil Corporation's Clyde discovery falls into this category.

Beyond that there are reckoned to be at least 37 "marginal" discoveries containing an average of only 60m barrels. If the North Sea follows the pattern of other mature oil-producing regions it will be these smaller fields which will make up the bulk of future development projects.

Latest Energy Department estimates show there is a good deal more oil to be found and exploited in the North Sea and other parts of the UK Continental Shelf. Oil reserves in present discoveries are thought to be in the region of 1.5bn-1.8bn tonnes, some four to five times the amount of oil produced from the North Sea so far (354m tonnes). At the present rate of UK oil consumption (about 75m tonnes annually) these reserves should be sufficient to last well over 20 years.

But the Energy Department believes that there could be up to 2.2bn tonnes of recoverable oil contained in future discoveries. If the UK continues using oil as it does at present then ultimately there could be enough domestic supplies to keep the country self-sufficient in oil for the next 52 years. If you listen to some of the more optimistic forecasters, such as Prof. Peter Odell of Erasmus University, Rotterdam, you could conclude that the picture is even rosier.

And yet there is real doubt that the present state of oil *self-sufficiency* can be maintained much beyond the mid-1990s. In spite of all that oil lying on the UK Continental Shelf, the country may find itself becoming a significant net importer again well before the turn of the century.

That warning has been repeated time and again during the past year. For the oil industry claims it has insufficient incentive to invest in expensive, and risky, oil field development projects. It is now two years since an oil company sought from the Government—and gained approval for—a new oil field development.

Builders of offshore platforms and modular production and accommodation equipment are screaming for new orders. In recent months over 2,000 jobs have been put at risk through the posting of redundancy warnings.

Capital investment in the North Sea last year may have reached £2.8bn—about one-fifth of total UK industrial investment—but that level of spending was largely influenced by development decisions taken a couple of years ago. As one leading oil industry commentator put it: "The oil companies have gone on an investment strike."

There is no single reason for this hiatus, as the operators of three deferred projects have emphasised. Shell, with its Tern Field, Phillips Petroleum, with its complex of reservoirs in the *so-called T Block, and British* Petroleum with its Andrew discovery have all shelved development plans giving as their reasons oil price uncertainties, high taxation and the need to review production technology.

The recent fall in North Sea oil prices—the reference level dropped from $39.25 a barrel to $31 a barrel before rising again to $33.50 on June 1—and the more cautious view about future oil price rises have forced all operators to look again at their production techniques. Their aim will be to reduce development costs by employing new technology such as floating production systems and seabed well units.

Oil companies may be concerned about oil prices and technology, but it is the vexed question of taxation that is provoking the most persistent industry outcry. For years companies have moaned about the level of taxation. In the past 12 months or so they have added to their complaints the uncertainties caused by a constantly changing tax system. So concerned did they become that the industry agreed to submit a unified challenge—through the Offshore Operators Association—*to* Sir Geoffrey Howe, Chancellor of the Exchequer. Such unity was impressive in itself given the widely varying tax position of the association's member companies.

The Chancellor listened and acted in his March Budget. He proposed the phasing out of the *much-maligned Supplementary* Petroleum Duty but at the same time he changed the nature of Petroleum Revenue Tax. The outcome was that the marginal rate of taxation was reduced from 90.3 per cent to 89.5 per cent. The industry is still complaining bitterly for in the 1975-78 period, when it was being encouraged to develop fields as quickly as possible, the marginal tax rate was just 76.9 per cent.

Within the past few weeks the Chancellor has turned down an offshore operator's request for a joint industry-Treasury study into the tax structure. But he has invited companies to submit information about individual projects.

The Government, with its *need of tax revenue (£6.4bn in* 1981-82), is as anxious as anyone to see new North Sea fields developed. Companies are confident that eventually the right tax balance will be struck. This is one reason why they continue to bid for exploration licences and carry on looking for new reservoirs. Last year 73 exploration and appraisal wells were drilled on the UK Continental Shelf. Exploration activity was at the highest level since 1977. Twelve discoveries were announced—the highest number since 1976.

Whether these new discoveries will be developed will depend ultimately, to a large extent, on future oil prices, production technology and taxation.

R. D.

A tanker loading at the terminal. A permanent boom is installed at the jetty to encircle a ship in the event of an oil spill

Perseverance in unconventional field paid off

The £500m development of the Beatrice field has followed a highly unconventional pattern—right from the summer day in 1976 when oil was first found in what was then known only as block 11/30.

An exploration licence for block 11/30 had been awarded in 1972 under the UK's fourth round of licensing. But few oilmen thought there was much hope of making a significant discovery in the area. The block was close inshore and seismic surveys did not look very promising.

Yet a consortium of smaller companies — Kerr McGee, Hunt, Creslenn, P & O Petroleum and Mesa Petroleum, the operator for the group—refused to be disheartened about the prospects for finding oil. And their perseverance paid off—in more ways than one. Many oil industry experts believe their discovery of the Beatrice field has ensured that smaller, independent companies will never be excluded from North Sea exploration.

Approval for the development was given in 1978. The following year saw the first changes in the original consortium which had found the Beatrice field. Creslenn's 15 per cent interest in the field was taken over by the German-based Deminex—with BNOC having an option to take one-third of that interest.

At the same time BNOC took over the Mesa interest with a separate agreement with Deminex that should have 13 per cent of Mesa's 25 per cent stake while the corporation would have 12 per cent.

The agreements, which involved BNOC paying $57m for Mesa, were completed in 1979—the year in which the state-owned corporation acquired part of Hunt's 15 per cent stake in the field and in which British Petroleum took over P & O's 15 per cent interest.

The result of this somewhat complicated change of hands was that BNOC achieved its aim of becoming the operator on the Beatrice field. Mesa appears to have sold out because it wanted to concentrate on its real forte—exploration. And BNOC wanted another operatorship.

At the time, the corporation had had only one operatorship—that of the Thistle field. It had taken this over in 1976 and Thistle had started production in 1977. BNOC had therefore been on the look-out for another operatorship that would give it further experience as well as continuity.

BP sells its stake

Today the Beatrice partnership is as follows: BNOC, the operator, has a 28 per cent stake; Deminex (UK) Oil and Gas has 22 per cent; Hunt Overseas Oil has 10 per cent; Kerr McGee has 25 per cent and BP Petroleum Development 15 per cent—although BP has now announced that it is to sell its interest.

It is thought that BP wants to concentrate its efforts on fields where it either has the operatorship or where it has a larger stake than 15 per cent.

BNOC's 28 per cent share of the £500m cost of developing Beatrice was met from general corporate finance—which in the corporation's case means that most of the money came from the National Oil Account, a Government fund set up when BNOC was established in 1976.

The account is to be ended when BNOC's exploration and development activities are floated off later this year. The new company, Britoil, will take over the operatorship of Beatrice. BNOC does not expect the handover to bring any problems — merely a change of name.

Sue Cameron

Government to sell part of BNOC stake to investors

THE GENERAL public will soon have an opportunity to invest in British National Oil Corporation's 28 per cent operating stake in the Beatrice Field.

The oil-producing asset will be part of an exploration and production package that the Government intends to sell to the public as part of its wider "privatisation" proposals.

Included in the deal will be interests in at least a dozen commercial and probably commercial oil and gas fields including seven in production (Beatrice, Dunlin, Murchison, Ninian, Statfjord, Thistle and Viking), two under development (Brae and Hutton), and at least three which are likely to be exploited in the next few years (Clyde, North Brae and North Thistle).

BNOC's equity interests in these fields, together with its other extensive exploration acreage, are to be hived off under a new company—Britoil—as a result of the Oil and Gas (Enterprise) Bill now being steered through Parliament. Mr Nigel Lawson, Energy Secretary, has made it plain that he wants to offer to the public 51 per cent of the shares in Britoil before the end of the year.

The exact timing of the sale, and the likely amount to be raised for Treasury coffers, are still a matter of some conjecture. Much will depend on the City's confidence in the oil sector of the Stock Market which, in turn, will be influenced by oil price projections.

Mr Philip Shelbourne, the Corporation's chairman, hinted six weeks ago that shares could be offered in October or November, possibly on a partly-paid basis. By spreading the payments over a period—say, six months—the danger of indigestion in the City would be reduced. Internally, BNOC has been working on the assumption that the sale could raise about £750m.

The extent of the assets on offer is indicative of the exceptional and controversial growth of the state oil corporation. When it emerged in January 1976, the Corporation received considerable Government encouragement to acquire North Sea interests (and expertise) from the National Coal Board and the then ailing Burmah Oil Corporation. Under Labour it was given preference in exploration licence rounds.

Under the Conservatives, however, BNOC has been stripped of most of its privileges. It has been told to act like a commercial oil corporation.

But thanks largely to those early years the corporation has emerged as a major force in the North Sea. Its equity share of production at the end of December was 142,000 barrels a day, an amount which is still rising. Last year the corporation was involved in the drilling of 26 exploration and appraisal wells, more than a third of the total sunk on the UK Continental Shelf.

BNOC's influence is even more marked in terms of oil trading and price fixing. In 1981 the corporation handled just over 1m barrels a day of crude oil—more than 58 per cent of the total amount produced on the UK Continental Shelf. Most of this oil was traded on behalf of the Government, which is the reason why the corporation's trading activities are being excluded from the Britoil sale and are being kept in State hands.

The traders, handling large quantities of oil taken by the Government under royalty and state participation arrangements, will continue to maintain a low profile. Following the "privatisation" exercise the spotlight will be trained even more intensively on the corporation's exploration and production activities.

In this sense the Beatrice Field will be picked out as a marker in the development of Britoil. Unlike the Thistle Field project, largely inherited from Burmah, BNOC has been responsible for both installing and commissioning the Beatrice production facilities.

R. D.

How BNOC Has Grown

	1977	1978	1979	1980	1981
Sales (£m)	28	432	3,245	4,323	5,752
Net fixed assets (£m)	527	693	901	1,000	1,085
Pre-tax profit (loss) (£m)	(30)	(26)	77	309	439
Crude oil sales ('000 barrels per day)	Nil	154	939	947	1,046
Involvement in exploration and appraisal wells	21	22	23	25	26

Source: BNOC.

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Accountancy Appointments

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Our client is a fast growing private health care group, owned by a leading British property company. Its hospital in the Harley Street area provides specialist medical services of a very high standard. The hospital's reputation now extends throughout the U.K., Europe and Middle East. Further major hospitals in London are presently under construction and will represent a significant advance from this initial base.

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The succesful applicant will probably be a Chartered Accountant (M/F), aged between 30 and 35, with sound financial management experience and profit motivation, gained within a commercial environment.

In the first instance candidates should write enclosing a c.v. to Paul Carvosso M.A., A.C.A. or Heather Male B.A., at our London address, quoting reference no. 3684.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
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The successful candidate, probably a part or fully qualified graduate accountant (ACA, ACMA, ACCA), will have at least two years' experience in a commercial or industrial environment. We are looking for a mature, highly-motivated individual who possesses the well-developed written and verbal communication skills this position requires.

In addition to a competitive salary, fringe benefits include preferential mortgage and personal loan facilities, non-contributory pension scheme and bonus scheme.

Please write with a comprehensive C.V. to Rosemary Swift, The Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London EC2P 2HD.

The position is open to both men and women.

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We are a small dynamic and expanding plc with financial and industrial interests who seek a qualified person keen to make a positive contribution within a slim dedicated HQ team.

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Applicants, ideally in their 30s, should be within ¾ hour travel of West End. Remuneration negotiable.

Apply with full details, in confidence, to
Box A7873, Financial Times
10 Cannon Street, London EC4P 4BY

Consultative Committee of Accountancy Bodies

Secretary Parliamentary & Law

London — Around £20,000

The Technical Directorate of the Institute of Chartered Accountants in England and Wales wishes to fill one of the most senior positions amongst its 20 qualified staff. This vacancy arises as the result of a recent by-election.

The successful candidate will head a small team, which includes legal and tax specialists, servicing both the Consultative Committee of Accountancy Bodies and the Institute. The work is mainly aimed at representing the profession's viewpoint on technical matters to Government and other organisations and at seeking to ensure that relevant legislation and regulations are practical and reasonable. In the last year, for example, some 130 submissions were made on a wide range of topics affecting the profession.

The role demands sound technical knowledge, clarity of thought and presentation and the ability to manage people and projects against a background of tight deadlines. It will involve frequent contacts with senior civil servants, Members of Parliament, leading City institutions and other professions. Success in this environment will, therefore, provide scope for career development either in the Institute itself, in public practice or academic life.

Applicants (male or female) must be professionally qualified, preferably graduates and aged early/mid 30's. Experience in a major professional firm would be an advantage but breadth of experience and outlook are equally important. Ref. 1238/F.T.

Apply to R.P. Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Tel. 01-493 0156.

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QUALIFIED ACCOUNTANTS

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This well-known firm of *Chartered Accountants* urgently require qualified Accountants to join their expanding audit team. Promotional prospects are good, and benefits for the successful applicants, preferably without children, will be generous, as will salaries which range up to £20,000 (Ref: 49627)

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Our client, a well known company engaged in the marketing and sale of high quality consumer goods, wish to recruit a competent and energetic person for this key position.

The Finance Director - Designate will report to the Managing Director and will assume total responsibility for all aspects of the financial and accounting matters and the co-ordination of the company EDP development programme.

The successful applicant, a Chartered Accountant likely to be in his early to mid 30's, must have gained sound comprehensive accounting training with at least 3 years experience at senior level within a total finance function. Candidates must have good qualities of drive, the ability to motivate and communicate with tact and authority. A background in the lingerie, jewellery or cosmetics industries would be an advantage.

In addition to salary, benefits will include an annual bonus based on profit, fully expensed quality motor car, pension scheme etc. It is anticipated that the designate period will not be more than 12 months.

Candidates, male & female, should write in confidence for a personal history form, quoting reference MCS/7075 to Michael Knowles, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

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Superior Oil (UK) Ltd., a wholly owned subsidiary of The Superior Oil Company, which is the largest independent oil company in the United States, is expanding its Accounting Group in London. A challenging position is now available for a

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Career details should be forwarded to:
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A large City based International Group is seeking three qualified Accountants with a high degree of commercial flair, to fill impending vacancies created by the promotion of personnel in the Finance Division.

Applicants for these positions must be Chartered Accountants with big firm experience plus 2 years' post qualifying experience and/or appropriate commercial experience. Preference will be given to graduates in the age range 26 to 30. They must be prepared to undertake substantial overseas travel.

There are medium term prospects of promotion to line appointments overseas.

The remuneration package includes substantial benefits in addition to the basic salary.

Please write with detailed curriculum vitae to Confidential Reply Service, BSE 8431, Austin Knight Limited, London, W1A 1DS. Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Confidential Reply Supervisor.

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CENTRAL LONDON

This is an interesting new position at senior level with one of Britain's leading publishing companies. The post calls for an enthusiastic recently qualified accountant looking to develop his/her career in a stimulating environment.

The successful candidate will join a small divisional finance team working closely with publishing and marketing management in the development of several key areas of the company's business both at home and overseas. He/she will be expected to make a significant contribution to the development of finance and management information systems with specific responsibilities for appraising and reporting on divisional performance. An attractive salary package commensurate with experience will be provided.

Replies should be forwarded with C.V. to:
Box A7881, Financial Times, 10, Cannon Street, London, EC4P 4BY

JOBS COLUMN

What the Minister saw, and how to curb it

BY MICHAEL DIXON

BRITAIN'S OFFICIAL authority on coping with unemployment is, of course, the Manpower Services Commission. And Peter Morrison, Parliamentary Under Secretary for Employment, now has first-hand knowledge of how, behind the scenes, the commission itself is tackling the problem.

On a recent Friday he went for talks with the top people of the commission in Sheffield where, as a result of the late Labour Government's decision to give the provinces a stake in expanding bureaucracy, the MSC now has its headquarters.

While only just over 1,000 of its total staff of nearly 25,000 are in place there at present, the eventual headquarters complement will be some 1,500.

Of these, only about one-third — mostly clerks, doormen and folk like that, I am told — will be recruited locally. But Sheffield has a severe shortage of jobs because, as the city's chief education officer put it in a letter to the Financial Times two days ago, "the employment tide of the old industrial revolution is ebbing." So every extra post provided by the commission's going native is good news to the locality even though, in the light of Mr Morrison's experience, the same might perhaps not be said of the MSC's value to the general taxpayers who foot its bills.

For it seems that when the meeting with the top people finished earlier than expected, towards four in the afternoon, the Minister brightly suggested that he go on walkabout to speak with the staff in the splendid new Moorfoot building as they went about their work. The senior officials agreed albeit, some say, without much enthusiasm. The party thereupon toured the offices.

There were desks, potted plants and other paraphernalia in plenty, I gather. But few if any people were to be seen among them and Mr Morrison's face, once he had made sure that his watch hadn't stopped, was growing darker by the minute. Approaching the computer section, however, the party at last saw several people busily occupied. So the Minister stepped in to pay them his compliments.

They turned out to be playing Space Invaders.

Quango-control

WHICH RAISES the important question of how better control can be established on the taxpayers' behalf over the activities of the Manpower Services Commission and other quasi-autonomous non-governmental organisations. In theory the quangos are accountable to Parliament through Ministers, such as Peter Morrison, of the Department of State most related (or should it be least unrelated?) to them.

But as John Ashworth, vice-chancellor of Salford University, pointed out recently, the House of Commons has had noticeably little success in supervising the quangos' various doings or in calling Ministers to account for them.

Nor can anyone sensibly expect quangos to disappear, he told the Royal Society of Arts in London. "The most determined attempts of the present Government have so far led to the abolition of less than a third of such bodies, and even the Conservative Ministers have created new ones."

Since the lack of control therefore seems sure to remain a problem, Professor Ashworth said, Britain might do well to look for a solution to "that sadly underused Parliamentary resource, the House of Lords. . . .

"It is rare to find in the Commons (and thus amongst Ministers) those who have a good first-hand knowledge of the managerial problems of large organisations. Life peers, by contrast, are drawn from such persons and it is just this experience and these skills which are needed for a body to supervise the administrative behaviour of quangos."

Anyone doubting the peers' track record in such matters should consider not only their historic role in supervising the Church—which may have been the original quango—and the Law, but their modern task of keeping watch on Parliament's behalf over the administrative activity of the European Economic Commission.

Visits by teams of British peers had been observed to throw more of a scare into the EEC Eurocracy than any other kind of governmental delegation, and Dr Ashworth thought he understood why. When he was called before a Lords select committee in his former capacity of chief scientist to the Think Tank, he had felt more nervous than at any time since he was orally examined for his doctorate degree.

I hope the Government will give his idea a try. In terms of the public interest, Barons versus Bureaucrats promises to be a more productive game than Space Invaders any day.

Financially led

A PECULIAR trait which distinguishes the publicly funded from the commercial kind of bureaucracy is the former's typical reaction when it sees unmistakeable signs that one of its operations is going wrong.

The root of the problem, of course, is almost always some deficiency in an active function of management such as distribution. But the fact that the trouble is revealed by figures in the accounts tends to lead the official mind to the conclusion that it is an accountancy problem, and so to call in accountants to solve it.

As a result professional accountancy practices are regularly blessed by the public sector with what are essentially management consultancy assignments, which firms whose main specialisation is auditing are not always equipped to undertake. But not wishing to seem ungrateful, even the professional practices lacking a management consultancy division of their own rarely reject the invitation. They prefer to take on such so-called financially led jobs in association with a management consultancy which has the necessary extra skills.

Hence the development of a joint interest between Inbucon and the chartered accountants Edward Moore who earlier this year linked with the U.S.-based Fox concern to form an international accountancy group with 725 partners in 210 offices throughout the world.

This international extension is seen as a good opportunity to build up the joint activity with the Inbucon group, which was put on a formal footing by the establishment last year of the Edward Moore Inbucon company in which the accountancy partner holds 51 per cent.

So through headhunter Reginald Welsh, who will give confidential treatment to any applicant who does not wish to be identified for the time being, the joint company is seeking a managing director designate. The idea is that the newcomer will develop the business by winning an enlarged share of the market for financially led consultancy work, probably with the main although by no means the whole emphasis on public-sector organisations.

Starting with no more than a secretary in full-time support, the recruit will be expected to build on the joint venture's present and past assignments and connections with the aim of ensuring that wherever a financially led assignment arises, Edward Moore Inbucon is asked to quote for it.

The prime need is knowledge of the managerial mysteries of public-sector bureaucracies, preferably in several countries, gained either as an insider or as a working consultant. But the better a candidate also understands the private-enterprise market for financially centred consultancy, the more pleased Mr Welsh will be. Another requirement is a recognised qualification, with chartered accountancy perhaps inevitably being accorded the most brownie points.

No salary is quoted, but my estimate is at least £25,000 plus bonus on results. Perks include a car.

Inquiries to Reginald Welsh and Partners, 123-4 Newgate Street, London EC1A 7AA; telephone 01-600 8387.

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- A SUCCESSOR is required to the present Director, who retires next spring. Responsibility is to the Director-General for the overall profitable management and control of the Division through four main operating departments and over 100 staff.

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A noted Accepting House is expanding its Corporate Finance Division and seeks two additional executives to direct growth in this area. The nature of the work will be almost entirely non-routine and relate principally to mergers and acquisitions, therefore enabling a high degree of client contact.

Candidates, in the age range 24-28 will hold either the ACA or a legal qualification, and have trained in a large, sophisticated environment. Experience of relevant investigations or other specialist exposure is seen as particularly important.

INVESTIGATIONS SPECIALIST

c. £20,000 + benefits

A major finance group is actively pursuing a programme of expansion by acquisition. As a result they seek an additional specialist to assist in the analysis, strategic planning and investment review leading to the implementation of further corporate growth.

This interesting position will therefore appeal to candidates *either* currently at manager level within an investigations department of a major professional practice *or* with 2-3 years experience of corporate finance within a financial institution.

Interested applicants should phone either Roger Tipple or Nicholas Waterworth on 01-242 0965 or write to them at 31 Southampton Row, London WC1.

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BRIGHTON POLYTECHNIC DEPARTMENT OF FINANCE AND ACCOUNTANCY

LECTURER II/SENIOR LECTURER IN ACCOUNTING & FINANCE

To lecture on the BA (Hons) in Accounting and Finance, and other courses provided by the Department of Finance and Accountancy. Applicants should have a relevant degree, preferably a professional qualification, and practical experience at an appropriate level. An interest in Financial Management and Investment would be an advantage. Recent experience in the use of computers, and some teaching or training experience (not necessarily full-time) would be helpful. Research and consultancy are encouraged.

Salary:
Lecturer II—£6,462-£10,431
Senior Lecturer—£9,624-£12,141.

Further details and an application form may be obtained from the Deputy Head of Personnel, Brighton Polytechnic, Moulsecoomb, Brighton BN2 4AT. Tel: Brighton 693655, Ext. 2537. Closing date: two weeks after publication.

Finance Director

London: c. £25,000 plus car

This is a key appointment to a major division of a UK public company in the distributive industry.

As a senior member of the divisional management team the main functions of the Finance Director will be to agree divisional objectives, to monitor and forecast profit performance and to determine the strategies and actions required for improvement. The successful candidate will also be responsible for the management and control of all accounting activities within the division.

Candidates should be qualified accountants in their early 30's, possibly with an MBA, who must be profit-orientated, ambitious and have the drive and energy to lead and motivate senior management. Large company experience is essential, preferably in distribution or a fast moving consumer goods environment.

Attractive benefits include quality car, substantial profit-related bonus, health insurance and, where appropriate, relocation expenses. Excellent career opportunities exist within this expanding company.

Please write – in confidence – stating how the requirements are met to Lionel Koppen, ref. B.42124.

This appointment is open to men and women.

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J.R. Featherstone, Ref: 12244/FT. Male or female candidates should telephone in confidence for a Personal History Form 0532-448661, Minerva House, East Parade, LEEDS, LS1 5RX.

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Applications are invited from those actuaries who have completed the examinations within the last three years, and students who can show that they are making, and expect to continue to make, progress through the Institute examinations.

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M. Christophers FIA, Director of Finance, Crown Life Assurance Group, Crown Life House, Woking, Surrey GU21 1XW. Tel: Woking (04862) 5033.

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Please apply in writing to:
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LONDON

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This will be achieved both by the review of budgets, accounts and reports in London and by regular visits to the projects overseas. Other tasks include the preparation of investigative reports on potential clients, financial analyses for feasibility studies, and the raising of finance needed to implement proposals contained in these studies.

Aged 26+ and qualified, the successful candidate will have several years' relevant industrial experience, not necessarily overseas; a lively mind and a self-imposed determination to achieve results. He/she will be capable of progressing to a senior finance position overseas within several years and possibly longer-term into general management.

We offer a competitive salary and benefits package including overseas travel allowances.

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Peter Evans, Recruitment Manager,
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The usual banking fringe benefits will apply.

Please contact: Peter Latham

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Please contact: David Little

CORPORATE FINANCE EXECUTIVE

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An attractive remuneration package will be offered.

Please contact: Peter Latham

Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate · London EC2M 4LX · 01 623 1266

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Candidates, preferably graduates who have enjoyed formal training in credit analysis techniques in a major international bank and who have had subsequent experience, will be required to work on their own initiative and to present clear verbal and written reports to senior management.

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Written applications with a full curriculum vitae should be sent in confidence to:–

The Personnel Manager,
Standard Chartered Merchant Bank Limited,
33-36 Gracechurch Street,
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The company provides financing mainly for capital intensive projects such as plant and machinery, commercial vehicles and car fleets and the Executives will have profit-centre responsibilities for the establishment and development of non-consumer hire purchase business.

The applicants, aged 28 to 38, should therefore have a wide range of existing industrial contacts at senior level, be self-starters and have highly successful careers to date in a new business capacity with a national finance house.

A five-figure salary is offered, together with a company car, and other benefits including a subsidised mortgage scheme, membership of B.U.P.A. and a non-contributory pension scheme.

Please send details of age, education, past experience and present salary to Alan Marvin, Grindlays Bank p.l.c., 13 St. James's Square, London SW1.

This appointment is open to men and women.

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Appointment with an active, expanding I.D.T., offering ample scope to an experienced, versatile and ambitious F/X Dealer aged in his or her mid 20s.

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An ambitious Chartered Accountant aged up to 27 is sought by a leading international merchant bank to fill a high-exposure role, initially in the field of Head Office reporting. Some banking experience is essential (this may have been gained on bank audits), as is familiarity with computerised systems. Future prospects are particularly attractive.

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A progressive appointment, calling for experience in the preparation of loan and guarantee documentation (both syndicated and non-syndicated), gained with a firm of solicitors or a bank. Aged preferred: 26-32.

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Anderson, Squires, Bank Recruitment Specialists
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Anderson, Squires

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We are now seeking a Senior Analyst, probably in the 30s, who has appropriate qualifications, a sound knowledge of the UK stock market, and the ability to advise on portfolio strategy. Experience of institutional fund management is highly desirable.

Further analytical staff are expected to be engaged in the near future and, as Senior Analyst, you will be expected to oversee more detailed analyses and, possibly, instruct trainee staff.

Salary, negotiable in the range £15,000 to £17,000 according to age and experience, is supported by a range of benefits which includes subsidised mortgage facilities and private medical care.

Please send full career details to Sue Morris, Personnel Manager, United Friendly Insurance plc, 42 Southwark Bridge Road, London SE1 9HE.

UF

Scope to become director of this subsidiary Company in 12-18 months.

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LONDON **£13,000 - £20,000**

MAJOR MERCHANT BANK

Applications are invited from candidates aged 25-30, with substantial equipment leasing experience, to join a specialist team in structuring, arranging and managing high value leases. Experience must include large ticket leases and preferably cross-border transactions. Initial salary negotiable £13,000-£20,000 plus pension, free life assurance, free family medical cover, subsidised mortgage. Applications under reference MIL 14183/FT should be accompanied by a detailed CV specifying experience and achievements. They will be forwarded unopened and in strict confidence to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.*

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED,
35, NEW BROAD STREET, LONDON EC2M 1NH.

* Unless you are applying for the above position, please do not write to us.

EQUILEASE INTERNATIONAL CORPORATION

EUROPEAN CONTRACTS ADMINISTRATOR

KNIGHTSBRIDGE BASED INTERNATIONAL LEASING COMPANY has a vacancy for a CONTRACTS ADMINISTRATOR to work in the EUROPEAN HEAD OFFICE.

The position will involve close liason with the MARKETING, FINANCE AND LEGAL DEPARTMENTS of the company: preparation of management statistics, reports and reviews: world-wide client contact and general business support for the company.

CANDIDATES will ideally be aged between 22 and 30. preferably with a degree or similar qualification. Previous experience in a similar role would be an advantage.

Salary is negotiable but would be commensurate with experience.

Written applications with full CV should be addressed to MR PAUL JORDAN, DIRECTOR NORTHERN EUROPE, Equilease International Corporation, Bowater House East Wing, 68 Knightsbridge, London SW1X 7LR.

STERLING MONEY MANAGER

required by well-established LDT1 in the City to run and develop its expanding book. The successful candidate will enjoy the responsibility of running his/her own department and liaising with a small team. Salary negotiable, to match responsibility and experience.

Write Box A7882, Financial Times
10 Cannon Street, London, EC4P 4BY.

Investment Analysts

Stores, Chemicals

A major firm of London institutional stockbrokers is seeking to expand its research expertise.

In particular a senior analyst with an established record is sought for the consumer sector and also an analyst to join the chemicals/pharmaceuticals team. Applicants for the senior analyst position should be in their late 20's or early 30's with considerable experience either in stockbroking or with an investing institution.

Applicants for the chemicals analysts position could be slightly younger and with rather less experience.

High salaries plus bonus and normal benefits are offered.

Applications should be sent to:

Box A7876, Financial Times,
10 Cannon Street, London EC4P 4BY.

FINANCIAL FUTURES

Account Executive

c. £25,000 + bonus + car + benefits

London-based Brokerage/LIFFE Member with substantial business from Money and Stock Markets, currently seeks an experienced Dealer to act as an Account Executive in Financial Futures. The appointee will have substantial knowledge of one of the following areas: Foreign Exchange Dealing; U.S. Bank FX Advice; Eurobond or CD Sales. He/she will be both a technician and a proficient marketer and will perform a Brokerage Service to institutional clients on the London, Chicago and Far East Financial Futures Markets.

Liffe Pit Broker

c. £16,000 + bonus + car + benefits

Money Broking House/LIFFE Member requires an experienced Soft Commodity or LME Floor Trader to Pit broke on the forthcoming London International Financial Futures Exchange. Applicants should express a willingness to grasp the complexities of the Cash Markets.

Operations Executive

c. £14,000 + benefits

American Futures Brokerage, with strong institutional client base, seeks an Operations Executive for their London office. Applicants should be experienced in ICCH clearing procedures and in Margins Control.

In addition to the appointments, we have a variety of positions with major Brokerages, offering realistic career opportunities. All enquiries will be treated with discretion.

Please telephone Robert Kimbell, in complete confidence, to discuss these positions in more detail.

CHARTERHOUSE APPOINTMENTS 01-481 3188

Europe House, World Trade Centre, London E1

Investment Manager

We are a firm of specialist investment managers for pension funds, who aim to provide clients with a personal service and top quartile performance.

To consolidate our position, we seek a young ambitious graduate, under 30, with at least two years experience of equity markets, to whom the scope for initiative and responsibility appeals.

If you would like to work in an organisation where the sole criteria is getting the investment problem right, in a small company atmosphere free of bureaucratic controls, this may be the opportunity you have been waiting for.

Salary and profit sharing bonus will reflect your abilities. Fringe benefits include a good pension scheme and BUPA.

Please reply in confidence with curriculum vitae to Norman Pilkington, Deputy Chairman.

GMP
Geoffrey Morley & Partners Limited
15 John Street, London WC1N 2EB
Telephone 01-405 4151 4

Customer Dealer-CITY

The London Branch of this major European Bank requires a Customer Dealer to join its Dealing Room team.

The ideal applicant will be between 25 and 30 years of age and have sound experience of Foreign Exchange, Deposit and Customer Dealing.

In addition to an excellent starting salary, which is negotiable, first class fringe benefits are available as one would expect from a leading European Bank.

Applications (in strict confidence) may be made by telephoning Mr. Suer or Mr. Todd on 01-638 2700, or write to:— Mr. J. S. Parker, Personnel Officer, Amsterdam-Rotterdam Bank N.V., 101 Moorgate, London EC2M 6SB.

amro bank

CLOSE BROTHERS

seek a

LENDING BANKER

director material, with professional training and banking experience, to augment their small and successful team. The likely candidate, aged late 20's/30's, will be a self-starter, relish front-line client contact, and can expect to be properly paid.

Please write to Mr. R. D. Kent, Managing Director, Close Brothers Limited, 36 Great St. Helen's, London EC3 6AP.

BARCLAYS MERCHANT BANK CORPORATE ADVICE BIRMINGHAM

Continued growth of the Corporate Advice activity has resulted in a vacancy for an additional executive in the Merchant Bank's Birmingham Office. The ideal candidate will be age 28-34, have relevant professional qualifications and have had at least 2 years merchant banking experience or advisory experience with a major professional firm.

Applicants should write, enclosing a curriculum vitae, to:

The Staff Director
P.O. Box 188
15/16 Gracechurch Street
London EC3

BARCLAYS

Venture Fund Manager

Salary in range £12,000pa to £13,000pa

Welsh Development Agency

The Welsh Development Agency through its Industry and Investment Division is responsible for investing funds in businesses in Wales, by way of equity or loans. A new company has been formed to invest risk capital in companies with growth potential. It is envisaged that many of these companies will be in high technology.

Reporting to the Investment Director the Venture Fund Manager will carry out investigation, analysis and development of funding packages. The work will include seeking out companies or projects and carrying out the necessary background investigations into product viability.

It is envisaged that the successful applicant will have had experience of management of medium sized companies with good growth records, an understanding of current developments in areas of high technology and possibly, but not necessarily, a qualification in Accountancy.

A car allowance is paid and the post carries six weeks leave per year.

Generous assistance will be given with relocation expenses.

Application forms to be returned by 12.00 noon 18 June 1982 are obtainable from:- Personnel Department, Welsh Development Agency, Treforest Industrial Estate, Pontypridd, Mid Glamorgan CF37 5UT. Telephone: Treforest (044 385) 3571.

J. M. FINN & CO.

Members of the Stock Exchange

INVESTMENT ANALYST

We wish to recruit an Investment Analyst to maintain and develop existing industrial contacts in conjunction with some of our research orientated partners. We are looking for an experienced person who is perhaps currently with a larger organisation where advancement and personal expression may be limited. We place great emphasis on the ability to look at situations in a commercial way and to express opinions consistently both within the firm and directly to its clients. Applicants should be looking to make a career where partnership is open to those with initiative and ability.

Write in strictest confidence to:

Geoffrey Yeatts
J. M. Finn and Co
Salisbury House
London Wall
London EC2M 5TA

TRADITION (FOREXIN) LTD.

Due to our current expansion we are seeking senior and experienced Brokers in the Sterling, Swiss Franc and Deutsche Mark Spot and Forward Markets.

Applications should be made either in writing to:

TRADITION (FOREXIN) LTD
Staple Hall, Stonehouse Court, 89/90 Houndsditch EC3 7AX
or by telephone: 01-283 7971

ENGINEERING ANALYST

LONDON

A leading firm of Stockbrokers wishes to appoint an additional Engineering Analyst within its Research Department. Applicants should have a minimum of two years research or fund management experience and possess the skills necessary to communicate effectively with Industry and major investment institutions. Preferred age range 25-30 years. The remuneration offered will reflect the qualifications and experience of the successful applicant.

Please write Box A7884, Financial Times
10 Cannon Street, London EC4P 4BY

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GHN Gardiner Hill Needham Executive Counsel Ltd.
Royds House, Mandeville Place, London W.1.
* See Oxford Dictionary.

INSTITUTIONAL SALESMAN

for Stockbrokers

A vacancy has occurred in our London Office for an Institutional Salesman (M/F) to join an established and successful organisation. Research back-up provided, but applicants should ideally have previous professional experience in institutional selling or fundamental analysis. Salary negotiable according to experience.

Apply in writing with full details to:
Dario Homes
SMITH KEEN CUTLER
52 Cornhill, EC3

SKC SMITH KEEN CUTLER

ANALYST

ELECTRONICS/DEFENCE

Stockbroking firm with existing business in this area wants to appoint an Analyst to generate and communicate ideas. The ideal candidate has an MBA, Accountancy, or similar qualifications, and two or more years experience.

Please write Box A7883, Financial Times
10 Cannon Street, London. EC4P 4BY

MERCHANT BANKING EXECUTIVES

FINANCIAL GROUP providing a comprehensive range of financial services is planning to increase the executive team in corporate leanding and corporate advisory services.

APPLICANTS should have relevant qualifications and experience and reside in the Manchester or Cheshire areas. Successful candidates will have a financial background, be able to communicate effectively and be self-motivated within the context of the team.

REMUNERATION will be commensurate with experience.

Applicants should give personal resume and indicate career expectations and objectives.

In the first instance please write to:

COMPANY SECRETARY
E. T. Trust Limited, Bank House, Handforth, Cheshire, SK9 3HQ

WE PRODUCE FILM, VIDEO, AUDIO VISUAL PRESENTATIONS, GRAPHIC DESIGN AND WE NEED A

GENERAL MANAGER

For a well-established company with multinational clients. The successful candidate will manage all aspects of the Company's activities, including production, accountancy and administration. Sound financial and business experience is a necessity, whilst an interest in the marketing field is a prerequisite. No direct experience in Audio-Visual is necessary. Salary negotiable around £14,000+car+share options available, dependent on experience and aptitude.

Write enclosing a CV to:
Box A7874, Financial Times, 10 Cannon Street, London EC4P 4BY
or telephone: 01-628 5423

TRUST MANAGER REQUIRED

for

HOLBORN SOLICITORS

Holborn Solicitors seek competent Executive to handle day to day administration of substantial Trusts principally holding portfolios of quoted Investment. Ideal candidate will have experience with stockbrokers, accountants or bankers. Previous legal experience not essential. This is a newly created position with successful applicant being directly responsible to a Partner. Commensurate salary and benefits.

Apply with full curriculum vitae to:
The Partnership Secretary
REYNOLDS PORTER CHAMBERLAIN
Chichester House
278/282 High Holborn
London WC1V 7HA

NEW APPOINTMENTS

£15,000 - £50,000 p.a.

Connaught are the leading specialists in assisting executives to find their next top job. Only Connaught offers a success-related fee structure. Contact us for a confidential assessment meeting

Connaught Executive Management Services Ltd
73 Grosvenor Street, London W1 01-493 8504

STOCKBROKERS

A financially strong and progressive medium sized firm of London Stockbrokers, with pleasant offices in the City can currently accommodate a small number of associated members. Good quality business essential, plus the ability to fit easily into and benefit from a happy but professional environment.

Write in strictest confidence to:
Box A7880, Financial Times, 10, Cannon Street, London, EC4P 4BY

International Appointments

WANTED
INDUSTRIAL ENGINEERS

HEAVY MECHANICAL COMPLEX, TAXILA, a leading public sector organisation in Pakistan, engaged in the manufacture, supply and engineering of cement plants, sugar plants, road building and construction machinery, boilers and pressure vessels, electric overhead travelling cranes and mobile cranes, railway equipment and a variety of heavy engineering products and capital goods, needs Industrial Engineers, who should be well versed in production planning, material planning, process planning, production scheduling and control, computer programming and monitoring of large projects/plants, etc.

Pakistani engineers with post-graduate qualifications in industrial engineering having requisite experience of not less than seven years in similar heavy engineering industry should apply immediately with their bio-data and photographs to the following address:

The Chairman
STATE ENGINEERING CORPORATION
10th Floor, PNSC Building
Moulvi Tamizuddin Khan Road
Karachi (Pakistan)

Persons selected would be considered for middle and senior management positions. The posts offer attractive prospects.

SOUTH AFRICA—INSURANCE INDUSTRY

* Actuarial Staff * Pensions & Life Administrators
* Fire, Accident, Claims and other Technical Staff
* Senior & Middle Management Accounting Opportunities

Federated Insurance Group with head office in Johannesburg is a member of the International Network of Insurance and is one of South Africa's fastest growing insurance groups with an enviable reputation and a proud record of stability. Ranked by assets, this composite company is the seventh largest Short-Term and the eighth largest Life insurer in South Africa—assets exceed R500 million—in 1981 R375 million.

Expected growth rate and expansion policies require them to find ambitious people of sound background in the insurance industry preferably with CII qualification to join their Fire and Accident Underwriting, Claims and other technical teams. For their long term operations they require Actuarial staff at all stages of qualification of the Actuarial examinations and they have vacancies for experienced staff and trainees at senior and junior levels in Pension and Life administration. There are also vacancies at senior and middle management level for qualified Accountants, CA, CIS or other suitable qualification and preferably with a background in the Insurance industry.

In fact, if you have experience in the Insurance industry and you wish to take the opportunity for further career development we would like to hear from you. The Group will provide opportunities for advancement and negotiate competitive salaries as well as a wide range of fringe benefits including annual bonus and low interest housing loans. Special arrangements will be made for relocation expenses for successful candidates and their families and free accommodation will be given on arrival in South Africa for up to one month whilst looking for more permanent accommodation.

Please telephone (01-629 1844 at any time) or write—in confidence—for further information and an application form. M. Hordern ref. B.4111. Interviews will be conducted in the UK from end June to early July.

MSL
United Kingdom Australasia Benelux Canada France Germany Ireland Italy Scandinavia South Africa Switzerland U.S.A.
Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

Scandinavian Banking Executive

for

The Hongkong Bank Group International Corporate Accounts Division Frankfurt

The Hongkong Bank Group, which includes The Hongkong and Shanghai Banking Corporation, Marine Midland Bank, The British Bank of the Middle East, Hang Seng Bank Ltd., Wardley Ltd., Antony Gibbs & Sons Ltd. and Mercantile Bank Ltd., requires a Scandinavian executive to join their International Corporate Accounts Division, Continental European Representative Office, based in Frankfurt.

The preferred candidate (of either sex) will be aged from 25–35, and have enjoyed a wide range of executive experience in commercial and/or merchant banking, and be keen to work with one of the largest, fastest growing, and most diversified banking groups in the world. He or she will speak fluently English, German and a Scandinavian language. The position will involve a good deal of travelling within Europe, and require the ability to market The Hongkong Bank Group's entire range of services, co-ordinate business opportunities between various members of the Group, and innovate solutions to clients' problems. The executive will be based in Frankfurt and operate throughout Europe, but with particular emphasis on marketing to, and assisting, Scandinavian multi-national companies.

The candidate selected must expect to be assigned to Hong Kong for 4–6 months initial training, during which he or she will also visit various other countries in order to observe the Group's operations.

The salary package, which is negotiable, will be commensurate with qualifications, age and previous experience.

Applications, with full curriculum vitae, recent photograph, address and telephone number should be submitted to:

The Senior Representative
The Hongkong Bank Group
International Corporate
Accounts Division
Bockenheimer Landstr.51–53
6000 Frankfurt/M.1
West Germany

The Hongkong Bank Group

SAUDI ARABIA
Chief Dealer

Leading financial institution in the Eastern Province requires a very experienced Chief Foreign Exchange Dealer, familiar with all aspects of spot and forward exchange as well as deposit dealing.
The ideal candidate will be at least thirty five years old and will preferably have had general banking experience.
Furthermore, candidates who wish to or have recently retired from active dealing would be suitable.

Duties will include, aside from dealing, improving the organisation of the dealing room as well as hiring and training of junior dealers.
Actual dealing will be more orientated towards corporate rather than interbank clients.

Further banking responsibilities will be available for the right candidate in the medium term.

Tax-free salaries, free accomodation and an attractive benefits package will be offered to successful applicants.

Please reply in confidence to:
Mr. Alan Wood
8, Crosby Square, London EC3A 6AN.

All interviews will be held in London

ACCOUNTANT BELGIUM
SALARY: £15,000-£20,000

An Accountant is required to be resident in South-East Belgium, to be responsible for the financial and management accounts of two subsidiaries of a UK based public company: one of the subsidiaries is in Holland and the other in Belgium. The two subsidiaries between them employ about 110 people and together have an annual turnover of approximately £3m. The successful applicant will have a recognised accounting qualification, with a minimum of 3 years' experience since qualification, be familiar with the problems of industrial accounting and management reporting to a tight schedule and be fluent in French.

All applications should be addressed, please, to:
Box A7877, Financial Times, 10, Cannon Street, London, EC4P 4BY

All replies will be treated in the strictest confidence by a Main Board Director

INTERNATIONAL APPOINTMENTS
appear every Thursday.
Rate £29.00 per single Column Centimetre

Cayman Islands
Auditor General

£18,840 p.a., tax-free

Applicants, aged 40-65, must possess an appropriate good honours degree, and preferably be A.C.A. or A.C.C.A. They should have held a senior Audit post in a British Dependency for at least 5 years and be fully conversant with audit of government and parastatal accounts and reporting to the Legislature by published accounts.

Appointment will be on contract for two years in the first instance, commencing in September 1982. Salary is tax-free and benefits include a 15% gratuity, free passages and subsidised family accommodation.

For full details and an application form write quoting YC/601/FT or telephone 01-222 7730 ext 3639.

Crown Agents
The Crown Agents for Oversea Governments & Administrations, Recruitment Division, 4 Millbank, London SW1P 3JD.

Operations Manager
Wardley — Singapore

ESD

Following the continued rapid expansion of Wardley Limited the Singapore Branch now wishes to recruit an Operations Manager. This new role includes responsibility for accounts, administration, EDP, internal communications and loans administration. An attractive package will be offered which will include free furnished accommodation, house loan scheme and profit participation.

Candidates must be qualified accountants and be familiar with a broad range of accounting and back office procedures. A very strong preference is for those with experience in a financial services company. They should have excellent communication skills and the personality to fit into a friendly and hard working office. (WW.279)

Candidates should write briefly to Executive Appointments Limited, Executive Selection Division, 18 Grosvenor Street, London W1X 9FD quoting reference. All applications will be forwarded to our client.

ESD is the Executive Selection Division of EAL

International Sales & Distribution

Our Client, a Geneva-based Company wishing to expand and consolidate its overseas business, seeks a dynamic young Executive who, having identified and planned Market & Network strategy, possesses the entrepreneurial drive to pursue projects personally to their successful conclusion worldwide. Ideally, some experience in the selection, appointment and motivation of overseas agents and distributors in diverse export markets should accompany well-developed Sales and Management skills. Fluent French is essential.

Extensive travel opportunities, generous remuneration, ex-patriate and other benefits, combine to make a highly attractive package.

Please write with full career details—quoting ref: IS/2971 to:

Henry Owens,
LAURIE & COMPANY
19/23 Oxford Street,
London W1R 2AT.

Laurie & Company
International Recruitment since 1909

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of expatriates and nationals worldwide.

01-637 7604

Company Secretary

A MAJOR INTERNATIONAL BANK requires an experienced person to carry out the Legal Secretarial functions in its offices in Riyadh, the Kingdom of Saudi Arabia.

The post entails attendance to the usual services to and for the Board of Directors in addition to the other related activities with a reporting line to the General Management. Previous experience and full command of the ARABIC LANGUAGE are essential. Attractive salary and the usual fringe benefits will be provided.

Please send your CV to:
Riad G. Saber, 1 Vendiri Street,
Athens T.T. 612, Greece.

ACCOUNTANTS FOR CYPRUS

£8,000+ depending on qualifications and experience

THE CENTRAL BANK OF CYPRUS

invites applications from Cypriot Chartered or Certified Accountants.

After a period of satisfactory service successful candidates will be promoted to the post of Senior Accountant with salary rising to £14,105.

The post is permanent pensionable.

Interested persons who have taken their final examination and are awaiting results may also apply.

Applications to be addressed to: Mr A. J. Philippou, c/o Bank of Cyprus (London) Ltd, 27-31 Charlotte Street, London W1P 4BH.

Further information may be obtained from the Secretary of the Central Bank of Cyprus—telephone 45281 or P.O. Box 5529, Nicosia.

EDUCATIONAL

An International Career for Your Son Or Daughter

At the European Business School, your son or daughter will spend four years working and studying in London, Paris and Frankfurt. The intensive undergraduate course combines business management, French and German, with training periods in European companies. 1000 graduates are now working in thirty countries worldwide.

For information about the school, including details of fees and admission requirements, contact:

Mrs Terry Davies, School Secretary,
EBS, Lionel Denny House,
23 Goswell Road, London EC1M 7BB.
Telephone: 01-251 4365.

LONDON - PARIS - FRANKFURT
EUROPEAN BUSINESS SCHOOL

COMPANY NOTICES

LAFARGE COPPEE
A French Limited Company with an Authorised Capital of FF.775,702,200
Head Office: 28, Rue Emile Ménier, Paris 16
RCS PARIS B 542 105 572
SIRET 542 105 572 00011

TO HOLDERS OF 15.50% BONDS DUE 1989

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN to holders of 15.50% Bonds 1981-1989 of U.S.$1,000 nominal each that the First Ordinary Meeting of the General Assembly has been convened for Monday, 28th June 1982 at 09h00 at the office of CREDIT COMMERCIAL DE FRANCE, 103 avenue des Champs-Elysées, Paris 8, France, for the following purposes:

— To appoint two people to represent the "Masse" (as explained in the Prospectus dated 23rd June 1981) and two people to replace them should the need arise.

— To fix the powers and the remuneration of these Representatives.

No action may validly be taken by the General Assembly unless at least one quarter of the bonds outstanding are represented at the meeting.

Any bondholder, regardless of the number of bonds which he holds, may attend and vote at the meeting or may appoint a proxy to legally represent him and vote on his behalf.

However, only bondholders who have deposited their bonds five days at least before the meeting at either the Head Office of the Company, 28 rue Emile Ménier, Paris 16, or Crédit Commercial de France, 103 avenue des Champs-Elysées, Paris 8, or one of the following banks:

— CITIBANK N.A., 11 Old Jewry London EC2, England
— CITIBANK N.A., Avenue de Tervuren 249, 1150 Brussels, Belgium
— CITIBANK N.A., P.O. Box 3585, New York N.Y. 10043, U.S.A.
— KREDIETBANK S.A. LUXEMBOURGEOISE, 37, rue Notre-Dame, Luxembourg.

may attend the meeting or appoint a proxy to attend for them. They will be issued with the necessary admission card and/or proxy form.

The text of the resolutions as well as all the documents which will be submitted to this meeting, will be held, as required by law, at the Head Office of the Company at the disposal of bondholders.

BOARD OF DIRECTORS

FIVE ARROWS FUND N.V.
Established in Curacao, Netherlands Antilles

In the Annual General Meeting of Shareholders, held on June 3, 1982 a dividend of U.S.$0.35 per share has been declared for the year ended December 31, 1981, payable as per June 10, 1982 to holders of shares outstanding as per June 3, 1982. Holders of bearer shares are entitled to receive the dividend against presentation of Coupon No. 14 with any of the hereafter mentioned agent banks.

AGENT BANKS
Banque Bruxelles Lambert S.A., 2 Rue de la Regence, Brussels, Belgium. Banque Privee S.A., 18 Rue de Hesse, 1204 Geneve, Switzerland. Banque Rothschild S.A., 21 Rue Laffitte, Paris 9E, France. International Pacific Corporation, 36 Pitt Street, Sydney, Australia. Pierson, Heldring and Pierson (Curacao) N.V., 6 John B. Gorsiraweg, P.O. Box 889, Curacao N.A. Pierson, Heldring and Pierson N.V., Herengracht 214, Amsterdam. The Netherlands. Rothschild Bank A.G., Zollikerstrasse 181, 8034 Zurich, Switzerland. N. M. Rothschild and Sons Ltd., New Court, St. Swithin's Lane, London, EC4, England.

NEDLIBRA FINANCE B.V.
US$25,000,000 Guaranteed
Floating Rate Notes due 1993
Guaranteed on a subordinated basis by
LIBRA BANK LIMITED

For the three months 10th June 1982 to 10th September 1982 the Notes will bear an interest rate of 15¾% per annum and the coupon amount per US$100,000 will be US$3,913.19.

NOTICE OF PURCHASE
GEORGE WESTON LIMITED
U.S.$30,000,000 13½% NOTES DUE 1st June 1987

Pursuant to the terms and conditions of the Notes, Noteholders are advised that Notes of Nominal U.S.$3,157,000 were purchased during the period 2nd June 1981 to 1st June 1982, inclusive and applied to the Purchase Fund. As of 2nd June 1982, the principal amount of the Notes remaining in circulation was nominal U.S.$25,537,000.

GEORGE WESTON LIMITED
Purchase Agent: Hambros Bank Limited
Date: 10th June, 1982

BOND DRAWINGS

DRAWING

At a drawing made on 15th April 1982 in the presence of a Notary Public in London, Bonds of:
STATE OF SAN PAULO COFFEE INSTITUTE 7½% STERLING BONDS
totalling £47,700.00 were drawn for redemption as at 1st July 1982.
Lists of drawn Bonds can be obtained at Lazard Brothers & Co. Ltd., 21, Moorfields, London, EC2, to whom Bonds should be presented for payment at a price of £102 per cent.
Bonds presented for redemption shall have Coupon Nos. 113 to 119 attached, otherwise an amount equivalent to the missing coupons shall be withheld.

LEGAL NOTICES

NOTICE OF MEETING OF CREDITORS
THAT GOOD PLACE (FOODS) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at Bonnington Hotel, 92 Southampton Row, London WC1B 4BH on Monday, the 5th day of July 1982 at 10.30 o'clock in the before noon, for the purposes mentioned in Sections 293, 294 and 295 of the said Act.

Dated this 8th day of June, 1982.

By Order of the Board
SECRETARY

PERSONAL

FACT

IT CANNOT BE CURED, it cannot be prevented, it can be controlled only by proper treatment. More research is required to find a cure—

DIABETES

Join us — Help us Support us

BRITISH DIABETIC ASSOCIATION
10 Queen Anne Street
London W1M 0BD

BREATHTAKING BARBICAN—New compact Tower flat to rent, unfurnished. £4,500 to £24,000 p.a. Company applications welcome. Ring 01-628 4372 or 01-588 8110.

HOTELS ACCOMMODATION

THE INTERCONTINENTAL HOTEL BUCHAREST
A great hotel located in Romania's capital city, yet within easy reach of the country's finest holiday areas. The Intercontinental is a luxury hotel with excellent facilities, speciality restaurants, indoor swimming pool, closed circuit colour TV and a high standard of service. It's ideal for both holiday groups and the business-man, with good airline connections to London. Reservations through any Intercontinental or Pan Am Office. Direct telex 11541.

CLUBS

HANOVERIAN NIGHTCLUB and Res., 9, Hanover Street, W1. Where today's business man can enjoy an exciting and relaxing evening. Charming and discreet dancing partners available nightly 9 pm-3 a.m. Recommended to ring for res. on 01-408 0369.

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

ART GALLERIES

RICHARD GREEN, 44 Dover St., London, W1. 01-491 3277. EXHIBITION OF OLD MASTER PAINTINGS. Weekdays 10-6, Sats. 10-12.30. Closes 30 June.

WILLIAM DRUMMOND, Covent Garden Gallery, Opens today. Carle Labruzzi 1748-1817. Roman Drawings 1787-89. Also Oil Sketches, Watercolours and Gouaches in Italy by other artists. Daily 10-5.30. Thurs. 7, Sats. 10-12.30. 20 Russell St., WC2. 01-836 1139.

CRANE GALLERY, 171a (First Floor), Sloane St., SW1. 01-235 2464. 3 minutes from Harrods. In unusual and beautiful surroundings: ENGLISH COUNTRY ART and AMERICANA—Paintings, Furniture, Quilts, Decoys, etc. Daily 10-6; Sats 10-4.

CRANE KALMAN GALLERY, 178 Brompton Rd., SW3. 01-584 7566. Works by Nicholson, Sutherland, Lowry, Spear, Piper, Hitchens, Colquhoun, Kit Wood. Daily 10-6. Sats. 10-4.

THACKERAY GALLERY, 18 Thackeray St., Kensington Sq., W8. 937 5883. SUMMER EXHIBITION including HANS SCHWARZ. Until 31 July.

COLNAGHI, 14, Old Bond St., W1. 01-491 7408. 19th CENTURY FRENCH DRAWINGS. Until 11th June. Mon.-Fri. 10-6, Sat. 10-11.

WHITECHAPEL ART GALLERY, E1. 377 0107. Tube Aldgate E. To 20 June JANNIS KOUNELLIS. Sun.-Fri. 11-5.50 cl. Sat. Free.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. AN EXHIBITION OF IMPORTANT XIX & XX CENTURY WORKS OF ART. Mon.-Fri. 10-5, Sats. 10-1.

AGNEW GALLERY, 43, Old Bond St., W1. 629 6176. MASTER PAINTINGS 1470-1820. Also 1st Turner Watercolours. Until 30 July. Mon.-Fri. 9.30-5.30, Thurs. until 7.

BROWSE & DARBY, 19, Cork St., W1. 01-734 7984. CHRISTOPHER STEIN. New Paintings.

RICHARD GREEN GALLERY, 4, New Bond St., W1. 01-499 5487. EXHIBITION OF FRENCH PAINTINGS. Daily 10-6. Sats. 10-12.30.

PUBLIC NOTICES

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
VARIABLE RATE REDEEMABLE STOCK 1982

The Council of The Royal Borough of Kensington and Chelsea announce that the half yearly payment of interest due on 9th December 1982 for the above stock will be at the rate of £6.78125 (less income tax) per £100 of stock.
10th June 1982

GREATER LONDON BILLS
£25m Bills issued 10.6.82 maturing 9.9.82 at 12.2335%. Total applications £131m. Bills outstanding £60m.

BIRMINGHAM COUNCIL BILLS
£13.25m 91-day Bills issued 10th June, 1982, mature 9th September, 1982. Applications totalled £79m. Minimum accepted price £96.951. Average rate of discount 12.33%. Total Bills outstanding £40.25m.

Early Wall St decline of 5.8

AS INVESTORS became increasingly gloomy about the outlook for U.S. interest rates and the Federal Budget impasse, Wall Street progressively lost ground yesterday morning in another fair turnover.

The Dow Jones Industrial Average recorded a fall of 5.81 at 796.42 at 1 pm. The NYSE All Common Index dipped 43 cents to $62.65, while declines outpaced rises by a two-to-one margin. A total of 34.55m shares changed hands, against Tuesday's 1 pm level of 36.26m.

Analysts said the market would probably remain weak ahead of the House vote on redrafted Budget plans, scheduled for today.

The Mesa Petroleum-Cities Service take-over battle was the centre of attention in the market. Volume leader Mesa fell 1⅜ to $18, but Cities Service, also active, rose ½ to $35½.

Mesa yesterday said it has received commitments from all the banks participating in the credit arrangement which it needs to purchase Cities Service stock.

Computer Issues extended Tuesday's downtrend which followed news that Morgan Stanley had removed IBM from its list of recommended stocks. Active IBM was off ½ to $58½, Digital Equipment ⅝ to $69⅜, Computervision 1⅛ to $25⅞ and Texas Instruments $1 to $77½.

THE AMERICAN SE Market Value Index lost 2.20 to 254.67 at 1 pm. Volume 2.45m shares (2.65m).

Bowne fell 1⅛ to $10¼ in active trading after reporting lower earnings.

Canada

Markets sustained widespread falls in light early dealings, with the Toronto Composite Index dipping 14.9 to 1,440.2 at mid-day. Golds retreated 54.9 to 1,828.5 and Oil and Gas 34.1 to 2,452.9.

Bell Canada, off ⅛ at C$19½ in active trading, said it was cutting capital spending by C$280m and freezing executive salaries.

Germany

Shares retreated over a wide front, although little selling pressure developed. The Commerzbank Index declined 5.6 to 688.0.

Brokers said that investors were generally staying on the sidelines, unwilling to expand positions on the eve of today's religious holiday for Corpus Christi, when only small markets in Northern Germany will be open. Also, the fighting between Israeli and Syrian forces in Lebanon cast the market into a nervous state, as did new problems with the Bonn Government's Budget. "Nobody was going to pick up stock yesterday and risk a deterioration of international markets by Friday," one broker commented.

He pointed out that the nervousness also applied to foreign investors, who were steering away from both the stock and Bond markets despite the soaring U.S. dollar, which offered a possibility for bargain purchasing of West German investments.

Against the trend, Electricals concern Brown Boveri, despite stating that business this year is still burdened by poor margins, benefited from a late buying order and rose DM 2 to DM 182.

While in Engineerings, Linde, with a new contract from the Soviet Union, advanced DM 2.50 to DM 273, but Deutsche Babcock shed DM 1.50 to DM 190.

Tokyo

An early rally failed to hold and the market slipped back to finish mixed to easier after a moderate business.

A fresh decline of the yen against the U.S. dollar on the Tokyo foreign exchange market subsequently dampened trading. The Middle East fighting also remained a depressant, along with continued concern over Tuesday's sentencing of two former Liberal Democratic government ministers over their involvement in the 1976 Lockheed pay-off scandal.

The Nikkei-Dow Jones Average was finally 7.00 lower at 7,233.03 and the Tokyo SE index 0.48 easier at 542.00. Volume managed to pick up to 210m shares from the previous day's 180m, the first time in 10 sessions that it has surpassed 200m.

Blue Chips were mainly easier, where changed, Canon declining Y9 to Y785, Takeda Chemical Y10 to Y815, Victor Japan Y60 to Y2,220 and TDK also Y60 to Y3,640, but Hitachi improved Y6 more to Y689 and Nippon Electric added Y9 at Y811.

Housebuilders, Construction companies and Real Estate issues lost further ground on liquidation of margin buying positions, still depressed by slower housing starts and apartment sales. Mitsui Real Estate weakened Y6 to Y629.

Non-ferrous Metals were further boosted by the fighting in Lebanon. Nippon Mining gained Y10 to Y211 and Mitsui Mining and Smelting Y9 to Y266.

Paris

French stock prices were mixed at the end of a calm session as operators stood on the sidelines ahead of President Mitterrand's Press conference, due later that day.

Causing nervousness among investors was the surge in the U.S. dollar yesterday, linked to events in Lebanon. It was fixed at FFr 6.3010 in Paris, up from Tuesday's fixing of FFr 6.2075.

Australia

Markets continued to show an easier tendency in generally slack trading, with the Oil and Gas sector recording a fairly broad decline.

Brokers said the market was falling due to a lack of support and was likely to slide further in the absence of bullish overseas leads.

Overall market leader BHP receded 10 cents to A$7.48, its lowest level since standing at A$7.44 on April 21.

In the Oil and Gas group, Santos retreated 8 cents to A$5.22, Bridge Oil 10 cents to A$3.35 and Claremont 3 cents to 69 cents.

With the Gold Bullion price in New York overnight losing part of the previous day's good rally, Gold Mining issues on Australian markets showed little change.

The take-over battle between Grace Bros and Waltons-Bond for Sydney retailer Norman Ross dominated trading. Shortly after the market opening, Grace said it was bidding A$6.02 a share for Norman Ross. In early afternoon trading, however, Waltons-Bond struck back with a counterbid of A$6.50 a share. At the close, Norman Ross was trading at A$6.50, well above the original Grace bid of A$5.00 a share.

Hong Kong

After Tuesday's modest recovery on light bargain hunting, shares opened steadily but later resumed their recent downtrend in quiet trading.

Brokers said the market lacked fresh incentives and the Middle East conflict drew investors' attention to the Foreign Exchange and Gold markets.

The Hang Seng index, which picked up 9.16 the previous day, declined 18.87 to 1,327.77. Turnover in the short Wednesday session totalled HK$155.42m.

Johannesburg

Gold shares were mostly easier after quiet trading, reflecting the Bullion price reaction to below $330 per ounce. President Steyn shed 75 cents to R26.00 and Southvaal 50 cents to R27.50.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

Stock	June 8	June 7
AMCA Intl	16¼	15⅞
Abitibi	15⅛	15⅛
Agnico Eagle	6⅜	6⅜
Alban Alumin	20⅞	20⅞
Algoma Steel	28	28½

BELGIUM (continued)

June 9	Price Frs.	+ or —
Petrofina	4,585	—5
Royale Belge	5,390	—10
Soc. Gen. Banq.	2,250	—5
Soc Gen Belge	1,258	+14
Sofina	3,400	+40
Solvay	2,015	+35

HOLLAND

June 9	Price Fls.	+ or —
ACF Holding	77.5	
Ahold	78.6	—0.1
AKZO	23.7	+0.2
ABN	285	—3
AMEV	81.5	—0.5
AMRO	49.5	—1.1

AUSTRALIA

June 9	Price Aust. $	+ or —
ANZ Group	3.78	—0.04
Acrow Aust	1.30	
Ampol Pet	1.30	—0.05
Assoc. Pulp Pap	1.63	
Audimco	0.10	
Aust. Cons. Ind.	1.46	
Aust. Guarant.	2.30	

JAPAN (continued)

June 9	Price Yen	+ or —
Kubota	331	
Kumgai	388	
Kyoto Ceramic	3,270	+10
Lion	375	
Maeda Cons	510	—5
Makita	735	+1
Marubeni	287	+8

Indices

NEW YORK ACTIVE STOCKS

Companies and Markets

LONDON STOCK EXCHANGE

Leading shares fall back and business suffers on lack of incentive after base rate cuts—Gilts also lower

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 7	June 17	June 18	June 28
June 21	July 1	July 2	July 12
July 5	July 15	July 16	July 26

* "New time" dealings may take place from 9 am two business days earlier.

The psychological effects of Tuesday's failure by the FT 30-share index to attain a best-ever peak dampened London stock markets yesterday and both main investment areas suffered. Hopes were high last Friday that the new trading Account, which started on Monday, would see the index break through the 600-barrier for the first time.

Tuesday's move by the UK clearing banks in reducing base lending rates by ½ to 12½ per cent strengthened these convictions, especially as Tuesday's first index rose to within less than a point of its April 1982 record high of 597.3. Follow-through investment support failed to materialise, however, and leading shares subsequently drifted lower.

The trend was resumed at yesterday's opening and the downturn gathered pace following a setback in the recently strong Gilt-edged market after comment on last month's sharp expansion in money growth.

Equity dealers reported little selling of note, but prices wilted in the absence of institutional and other investment demand. Recovery attempts lacked conviction and most leading shares closed at the session's lowest with the result that the 30-share index sustained a fall of 6.7 at 587.3. Of the constituents, TI were vulnerable to renewed selling pressure and dropped 10 to 128p on a broker's downgraded profits forecast.

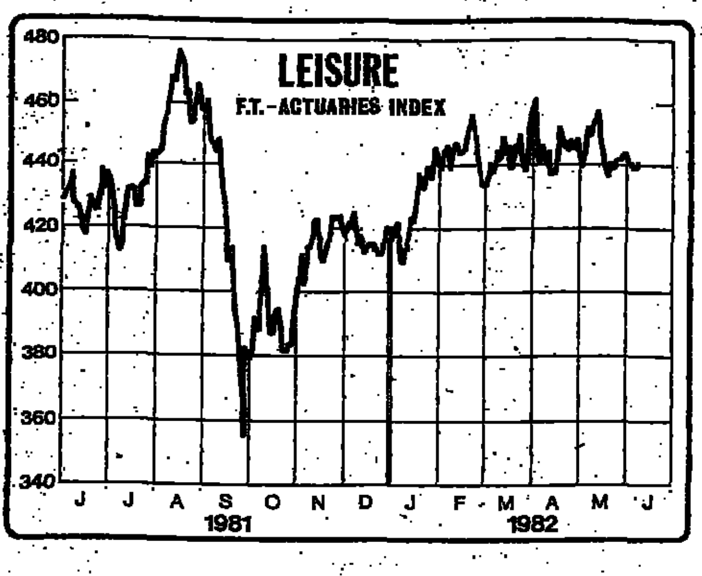
Gilt-edged securities, only slightly easier on Tuesday, gave more ground yesterday as loose stock came on offer. Business was on a reduced scale, probably reflecting funding of yesterday's tenders for the new short tap stock, Treasury 12½ per cent Convertible 1986. These were allotted in full at the minimum price of £97½.

Helped by last month's Central Government Borrowing Requirement, quotations at both ends of the market eventually moved away from the worst to close with losses generally limited to ¼. The FT Government Securities reacted 0.26 to 70.13.

Minet up again

Minet advanced 7 further to a 1982 peak of 211p as rumours of a bid or dawn raid from overseas persisted; the group's first-quarter figures are scheduled for next Thursday.

Midland rose 5 more for a two-day advance of 17 to 355p on further consideration of the £100m Loan stock placing which allayed fears of a rights issue. Other major clearers held firm in the wake of the base rate reductions with Barclays closing 4 to the good at 476p. Merchant banks softened in places.



Stewart Nairn, the former textile concern revamped as a property company, met speculative support and put on 4 to 25p.

Interest in Breweries tended to fade, Bass, still reflecting disappointing interim results, eased 3 further to 238p. Among Regionals, Joseph Holt rose 80 to 800p in an extremely thin market.

The undertone in Buildings stayed firm and the leaders closed with little alteration. Secondary issues again featured Tilbury Group which, despite the company's recent denial of any knowledge of a bid approach, gained 10 more to a 1982 peak of 525p. Aberthaw Cement met renewed support and added the same amount to 355p, while Marshalls (Halifax) firmed 2 to a 1982 peak of 112p. In contrast, William Leech, which announced poor interim results recently, shed 2 to a 1982 low of 61p, while profit-taking clipped 10 from Burnett and Hallamshire, 875p. Brownlee reacted to 60p before closing a net 1½ down at 61½p following the annual profits slump.

ICI fluctuated narrowly and settled 2 dearer on balance at 332p, but Fisons, a rising market recently in the wake of the completed sale of the group's fertiliser division to Norsk Hydro, shed 5 to 360p. Amersham stayed at 223p; the price in yesterday's issue was incorrect. Among other Chemicals, Leigh Interests shed 2 to 96p awaiting today's preliminary results, while Croda International lost a penny to 48p despite a broker's bullish review.

Sonic Sound nervous

A sensitive market awaiting today's interim figures, Sonic Sound lost 3 more to 57p. Elsewhere in Stores, J. Hepworth cheapened a few pence to 114p on the liquidation of speculative positions in the absence of the much-rumoured bid or dawn raid. On the other hand, N. Brown drew further strength from the recent good results and advanced 7 to 135p. Revived speculative support lifted Tern-Consulate 4 to 55p. Sunrie gained 5 to 57p and Comet hardened the turn to 114p, the latter following half-year results in line with expectations.

Electrical leaders turned quietly dull as buyers withdrew and sporadic profit-taking took its toll. GEC eased 7 to 948p, while BICC lost 8 at 350p. Ahead of the results, due on June 22, Racal ended 6 off at 425p. Cable and Wireless lost 8 to 380p but AB Electronic contrasted with a rise of 18 to 205p. Still reflecting hopes of a bid from Plessey, Ferranti moved up 5 to a 1982 peak of 790p.

Engineers were featured by renewed weakness in TI, down 10 more at 128p, following a broker's downward revision of profit estimates. Vickers, a good market of late along with other defence stocks, turned reactionary and gave up 8 to 154p, while GKN eased 4 to 165p with Hawker similarly easier at 340p. Late selling accompanied by reports of a broker's meeting with the company left Babcock 8 cheaper at 111p. Disappointing interim figures prompted a fall to 110p in Westland before a rally set in to leave the close unaltered on the day at 117p. Pegler-Hattersley, in contrast, responded to good results with a rise of 6 to 222p. Capper-Neill, still reflecting lower annual profits, fell 3 more to 54p. Awaiting today's interim statement, B. Elliott eased 4 to 66p.

Tate and Lyle met sporadic selling and shed 4 to 176p, but British Sugar found support and gained 15 to 470p. Elsewhere in Foods, Northern softened a couple of pence awaiting today's interim results. Further demand ahead of the interim results, due on June 29, lifted Glass Glover 6 for a two-day gain of 14 to 148p, but Cullen's Stores shed 5 to 220p, after 215p, with the A the same amount down at a 1982 low of 183p following the poor preliminary results. Bernard Matthews gained 5 to 115p; the Matthews family has increased its stake in the company to 50.5 per cent.

Pilkington took a distinct turn for the worse in miscellaneous industrials, falling 15 to 233p on nervous offerings ahead of tomorrow's annual figures. Johnson Group Cleaners closed 13 down at 232p following the liquidation of speculative positions in the absence of the much-rumoured bid, while European Ferries declined 5½ to 70p in the wake of an investment seminar and on fresh concern about the company's U.S. property interests. Hanson Trust lost 5 to 169p on news of the relocation of its Ever Ready (GB) head office and probable redundancies, while Sangers lost 4, at 35p, with sentiment still unsettled by the recent Boardroom upheaval.

Rights issue suggestions accompanied a fall of 3 to 119p in Chubb, while reactions of 5 and 6 respectively were recorded in Thomas Tilling, 133p, and Smiths Industries, 357p. By way of contrast, Cole jumped 9 to 94p on the announcement that Bajau has increased its stake in the company.

Still unsettled by reports of falling holiday bookings, Horizon Travel shed 5 more to 200p and Saga 4 to 141p. Elsewhere in the Leisure sector, Nimslo, a volatile market, reacted 22 to 163p, while Pleasurama, dull of late following the police raids on two of the company's casinos, shed 15 more to 225p. Renewed demand in a thin market lifted Samuelson Film Service 15 to 173p.

Dunlop moved against the trend in Motor Components, touching 72p before closing a penny dearer on balance at 71p. Lucas met dealer selling and dipped to 185p before settling a net 5 down at 187p, while Dowty eased 2 to 139p.

Geers Gross attracted renewed investment support and rose 10 to a 1982 peak of 152p, while further small buying in a restricted market lifted book publishers Routledge and Keegan Paul 20 for a two-day gain of 40 to 220p.

Properties were inclined easier in the absence of fresh support, Land Securities shedding a couple of pence to 278p and MEPC a penny to 199p. Great Portland Estates softened 2 to 162p; the preliminary results, scheduled for yesterday, are expected today.

Oils easier

Oil shares were inclined easier pending details of expected concessions by the Government on petroleum revenue tax. Among the leaders, BP drifted off to close 4 cheaper at 318p and Shell closed a couple of pence off at 422p. Among the exploration issues, Carless Capel finished a shade lower at 177p following the preliminary figures, but Jackson Exploration firmed 2 to 118p on the production-sharing contract with the Indonesian Government.

Movements in Trusts were usually limited to a few pence either way. Among Financials, Robert Kitchen Taylor turned reactionary following comment on the interim results and eased 6 to 135p. Akroyd and Smithers, in contrast, encountered occasional support and improved 6 to 218p.

Interest in Shippings faded and quotations ended little changed. Elsewhere, Mersey Docks met buyers and put on 2 to 18p.

Among scattered movements in Textiles, Highams, reflecting satisfaction with the preliminary figures, firmed 2 to 44p. Nottingham Manufacturing, a good market of late, met profit-taking and gave up 5 to 183p.

South African Industrials were featured by a rally of 50 to 280p in the recently beleaguered Greatermans Stores A.

RTZ weak

Renewed weakness in base-metal prices on the London Metal Exchange, where copper fell to a 3½-year low and other metals were also weaker, prompted heavy selling of the leading London mining finance houses.

Rio Tinto-Zinc were particularly vulnerable, reflecting the company's substantial copper interests, and dropped 23 to a 1982 low of 397p with heavy selling reported in the after-hours' trade.

Charter and Gold Fields lost 7 apiece at respective 1982 lows of 195p and 345p.

Other mining issues retreated across a broad front with Golds drifting lower following the $2 fall in the bullion price, finally $328.375, and the downturn in the Financial Rand. The Gold Mines index gave up 4.4 to 231.3.

Heavyweights sustained losses ranging to ¾, as in Western Holdings, £15¼, but medium-priced issues included one or two firm spots still reflecting the dividends announced on Tuesday by mines in the Gold Fields group. Libanon featured with a gain of 20 to 802p.

South African Financials mirrored Golds. De Beers fell 4 to a year's low of 206p while Gold Fields of South Africa dipped ½ to £23½ and "Johnnies" ½ to £26.

Interest in Traded Options waned further with the number of deals down to 1,192 from Tuesday's 1,584. Shell were relatively active, recording 195 contracts, 193 being puts; 180 of the latter were done in the October 390 series.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 24	June 11	Sept 2	Sept 13
June 14	June 25	Sept 16	Sept 27
June 28	July 9	Sept 30	Oct 11

For rate indications see end of Share Information Service

Money was given for the call of Sound Diffusion, Brengreen, Town and City, Lonrho, Renold, Pacific Copper, First National Finance, Beecham, Barker and Dobson and British Aerospace. No puts were reported, but double options were arranged in Lofs, Renold, Chloride and ICL.

FINANCIAL TIMES STOCK INDICES

	June 9	June 8	June 7	June 4	June 3	June 2	A year ago
Government Secs	70.13	70.39	70.40	70.15	70.08	69.75	66.19
Fixed Interest	70.10	70.32	70.32	70.32	70.26	70.00	67.25
Industrial Ord.	587.3	594.0	592.6	587.8	586.8	585.1	542.3
Gold Mines	231.3	235.7	228.0	222.0	224.0	220.0	335.7
Ord. Div. Yield	5.35	5.31	5.33	5.37	5.39	5.39	5.94
Earnings, Yld. % (full)	11.15	11.05	11.11	11.19	11.23	11.25	11.81
P/E Ratio (net) (*)	10.91	10.99	10.94	10.86	10.82	10.79	10.57
Total bargains	16,574	17,226	16,258	17,032	15,399	14,610	19,103
Equity turnover £m.	—	155.23	128.40	136.50	123.26	129.26	223.39
Equity bargains	—	15,252	12,498	14,830	13,230	12,305	14,410

10 am 590.3. 11 am 588.6. Noon 588.3. 1 pm 588.0.
2 pm 587.9. 3 pm 588.8.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974. † Corrected.

Latest Index 01-246 8026.

* Nil=10.10.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.40 (7/6)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.32 (7/6)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (8/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	209.2 (8/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	June 8	June 7
—Daily Gilt Edged Bargains	200.1	183.3
Equities Bargains	98.8	81.0
Equities Value	313.8	259.5
5-day Avrge. Gilt-Edged Bargains	181.2	178.0
Equities Bargains	88.3	84.3
Equities Value	271.9	254.6

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Wed June 9 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tue June 8 Index No.	Mon June 7 Index No.	Fri June 4 Index No.	Thur June 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	400.22	−0.9	9.21	4.09	13.36	403.71	400.94	398.06	398.79	342.58
2	Building Materials (23)	346.15	−0.8	12.67	5.23	9.32	349.07	342.82	344.15	343.97	298.02
3	Contracting, Construction (28)	629.01	−0.2	13.88	4.88	8.48	630.35	622.94	624.87	625.32	552.62
4	Electricals (31)	1482.37	−0.7	6.53	2.82	19.45	1492.25	1485.00	1469.23	1471.81	1075.64
5	Engineering Contractors (11)	498.18	−1.0	13.30	6.08	9.04	503.38	502.90	501.24	497.75	481.83
6	Mechanical Engineering (67)	206.43	−1.2	11.12	5.66	10.86	208.93	208.39	206.40	206.85	211.92
8	Metals and Metal Forming (11)	166.12	−2.3	10.27	7.15	12.24	169.97	170.05	169.05	170.24	161.13
9	Motors (20)	94.40	−0.7	1.82	7.47	—	95.04	94.06	93.58	93.37	101.65
10	Other Industrial Materials (18)	369.72	−1.1	9.91	5.73	12.35	374.00	371.36	366.21	368.75	371.12
21	CONSUMER GROUP (201)	316.27	−0.4	12.51	5.51	9.68	317.49	316.00	315.07	314.71	280.06
22	Brewers and Distillers (22)	332.84	−0.3	13.97	6.13	8.71	333.83	334.50	333.01	329.67	316.47
25	Food Manufacturing (22)	269.56	−0.3	17.23	6.95	6.77	270.41	268.87	268.40	269.39	255.58
26	Food Retailing (14)	624.95	—	9.09	3.41	13.36	624.65	618.30	618.22	617.59	515.42
27	Health and Household Products (8)	477.89	−0.2	7.26	3.56	16.25	478.83	475.57	475.94	475.67	326.20
29	Leisure (23)	440.61	−0.7	10.07	5.27	12.42	443.86	439.55	439.42	440.65	422.91
32	Newspapers, Publishing (12)	537.53	−0.2	12.74	5.86	9.98	538.76	538.78	538.78	538.78	503.24
33	Packaging and Paper (14)	152.54	−0.4	15.30	7.32	7.68	153.22	151.35	150.28	149.69	149.26
34	Stores (45)	287.96	−0.6	10.25	4.84	12.86	289.81	288.42	286.91	288.02	265.85
35	Textiles (23)	173.35	−0.9	12.94	6.12	9.54	174.93	173.96	175.43	175.54	158.73
36	Tobaccos (3)	399.01	−0.1	21.57	8.11	5.23	399.39	399.77	336.36	332.50	257.79
39	Other Consumer (15)	287.38	—	0.20	5.24	—	287.33	284.13	284.82	285.54	295.32
41	OTHER GROUPS (77)	265.84	−0.4	12.96	6.27	9.34	266.83	265.95	264.02	263.19	226.61
42	Chemicals (16)	353.57	+0.3	13.83	6.59	9.21	352.59	353.48	350.24	347.72	280.59
44	Office Equipment (4)	114.10	+0.1	14.25	7.65	8.62	114.03	114.03	114.42	114.60	113.78
45	Shipping and Transport (13)	576.01	−1.4	19.37	7.15	6.26	584.01	576.75	572.74	572.12	559.10
46	Miscellaneous (44)	343.19	−0.8	10.94	5.58	11.14	345.99	343.55	342.12	342.00	294.51
49	INDUSTRIAL GROUP (487)	338.04	−0.6	11.33	5.08	10.74	339.96	338.35	336.42	336.32	294.08
51	Oils (13)	749.41	−0.9	21.12	7.76	5.37	756.00	756.87	746.78	743.66	742.68
59	500 SHARE INDEX	371.55	−0.6	12.98	5.51	9.25	373.84	372.24	369.84	369.50	330.20
61	FINANCIAL GROUP (117)	252.34	+0.2	—	6.59	—	251.93	249.66	248.82	248.73	253.96
62	Banks (6)	279.13	+0.5	37.50	7.70	2.92	277.79	273.20	273.74	274.55	254.81
63	Discount Houses (9)	239.30	−1.2	—	9.53	—	242.23	235.17	238.08	236.08	274.14
65	Insurance (Life) (9)	270.52	+0.7	—	6.76	—	268.71	267.47	266.52	264.81	257.69
66	Insurance (Composite) (10)	155.44	+0.7	—	9.11	—	154.41	153.45	151.99	151.92	165.44
67	Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Wed June 9	Day's change %	Tue June 8	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	AVERAGE GROSS REDEMPTION YIELDS		Wed June 9	Tue June 8	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12		15 years	[illegible]	[illegible]	[illegible]
13		25 years	[illegible]	[illegible]	[illegible]
14	Preference		[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (60)

AMERICANS (1)
Brunswick Crpn

BANKS (1)
Hill Samuel

BEERS (5)
Bulmer (H. P.) Whitbread A
Burtonwood Young Brew A
Greene King

BUILDINGS (6)
Fairclough Construct Tilbury Group
Marshalls Halifax Whatlings
Tarmac Wilson (Connolly)

CHEMICALS (1)
Stewart Plastics

STORES (2)
Brown (N.) Steinberg

ELECTRICALS (5)
AB Electronic MK Electric
Farnell Elec Scholes (G. H.)
Ferranti

ENGINEERING (6)
Evered Senior Eng
Jackson (J. H. B.) Turriff
Pegler-Hattersley Williams (W.)

FOODS (4)
Alpine Soft Drinks Glass Glover
Barr (A. G.) Matthews (B.)

INDUSTRIALS (14)
Applied Computer Halma
Bath and Portland Rolfe and Nolan
Black (P.) Standard Fireworks
Chamberlain Phipps The Times Veneer
Cole Group Utd Parcels
Extel Valor
Ferguson Ind Vinten

INSURANCE (3)
Legal and General Sun Life
Minet

LEISURE (1)
Samuelson

NEWSPAPERS (2)
Portsmouth Sndrd Routledge K Paul

PAPER (3)
Chapman Inds LCA
Geers Gross

TEXTILES (1)
Courtaulds 7pcDb

TRUSTS (4)
Archimedes Inc Equity Inc
Channel Islands Cap London Montrose

OVERSEAS TRADERS (1)
Steel Bros

NEW LOWS (44)

AMERICANS (2)
Bankers NY Bendix Crpn

CANADIANS (1)
Trans Can Pipe

BANKS (1)
Manson Fin

BUILDINGS (1)
Leech (Wm)

STORES (3)
Comb Eng /Heelamat
Fine Art Devs

ELECTRICALS (3)
BSR Thorn EMI 7pcCnv
Elec Rentals

ENGINEERING (3)
Brockhouse Spear and Jackson
Elliott (B.)

FOODS (3)
Cullens RHM
Cullens A

INDUSTRIALS (11)
Barrow Hepburn Hawtin
Cape Inds Howard Tenens
Duple Int Man Ship Canal
Electrolux Sangers
Euro Ferries Spring Grove
Francis Inds

PROPERTY (1)
Trust Secs

OIL AND GAS (4)
Brunswick Flair Res
Double Eagle Warrior Res

MINES (11)
Charter Cons Paringa
Cons Gold Fields RTZ
De Beers Dfd Vultan
Haoma Welkom
Metramar Western Mining
North B Hill

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	74	18
Corpns. Dom. & Foreign Bonds	4	28	47
Industrials	176	266	803
Financial & Props.	61	132	318
Oils	11	43	55
Plantations	—	3	20
Mines	22	67	70
Others	65	31	52
Totals	341	642	1,481

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
¶250	F.P.	23/6	280	265	Assoc. Heat Services	280	+2	b9.0	2.1	4.6	14.2
§90	F.P.	—	101	92	※Black (Michael) 20p	99	......	u3.0	2.4	4.3	13.7
15	F.P.	15/4	32	19	Cambrian & Gen. 7½p	30	−1	—	—	—	—
§260	F.P.	4/6	420	293	※Cont. Microwave	420	......	b5.25	3.9	1.8	15.6
§130	F.P.	28/6	162	140	※Druck Hldgs.	162	+7	b2.3	2.5	2.0	28.1
§87½p	F.P.	25/6	98	84	Electro-Prot. US$0.50	86	+1	uQ1.5c	8.5	1.0	11.6
—	—	—	17	10	ΔGroup Inv Option	14	......	—	—	—	—
§250	F.P.	14/3	250	245	※Io Technology	247	......	—	—	—	—
§105	F.P.	—	121	110	※Miles 33 10p	117	......	ud2.0	4.3	2.4	10.1
600	F.P.	—	650	635	Oriflame SA (US$1.50)	635	......	bQ50c	2.2	4.4	10.2
77	F.P.	—	97	88	※Radio City 'A' NV	92	−1	b5.6	1.5	8.7	10.8
140	F.P.	—	174	160	※Ruddle (G.) 10p	174	......	b3.3	2.6	2.7	20.6
¶¶	F.P.	—	29	19	Stewart Nairn	25	+4	—	—	—	—
¶¶	F.P.	—	90	50	Zambia Cons Cpr 10K	50	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
¶100	£10	—	11	10½	Bournemouth Water 9% Red. Prf. '87 89	11	......
§99.396	£25	14/7	25½	21⅛	Cred. Foncier de France 14½% Lon. 2007	25	−¼
¶100	F.P.	1/7	102¼	101¼	East Anglia Water 9% Red. Prf. 1987	101¼	......
¶¶	F.P.	—	146½	136	First Nat. 12½pc Conv. Uns. Ln. 1987	142	......
¶100	F.P.	—	47	38	Grt. N'rth'n Inv. 4pc Net Cum. Prf. £1	39	......
¶100	F.P.	—	46	45	Do. 4.7pc Net Cum. Prf. £1	46	......
‖100	Nil	—	1pm	½pm	Marlborough Props. 10% Cnv. Ln. '98-2002	½pm	......
¶100	£10	—	11	11	Mid-Southern Wtr. 9% Pref. 1987	11	......
§100	F.P.	—	100⅞	100⅛	Nationwide Bdg. Soc. 14¾% (25/4/83)	100⅝	......
§100	F.P.	—	100	99⅞	Do. 13⅞% (23/5/83)	100	......
§100	F.P.	—	100⅛	100⅛	Do. 13½% (3/6/83)	100⅛	......
¶107	F.P.	29/4	113½	109½	Queens Moat 10½% Cnv. '89-91	112½xd	+½
¶100	£10	—	11	10½	Wrexham Water 9% Red. Prf. '87-89	11	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
10	F.P.	27/4	28/5	15¾	10	Ansbacher (H.) 5p	10¾	......
170	F.P.	13/5	24/6	190	180	Bank Leumi (UK) £1	185	......
135	F.P.	28/5	9/7	179	158	Carless Capel 10p	175	−1
174	Nil	—	—	59pm	44pm	Grand Met 50p	55pm	......
Dkr189	Nil	—	—	5½pm	3½pm	Great Northern Tel (£10)	3½pm	−1
6	F.P.	10/5	21/6	6	5	Grovebell (5p)	5	......
500	F.P.	20/5	18/6	615	575	Hammerson Prop.	605	−10
500	F.P.	29.5	18.6	590	550	Do. A	585	......
Dr. 150	Nil	—	—	2½pm	2⅜pm	Norsk Hydro (Kr. 100)	2⅜pm	−⅛
50	Nil	—	—	8pm	5pm	Press (Wm.) 10p	5pm	−1
325	Nil	—	—	120pm	80pm	Saatchi & Saatchi 10p	90pm	......
170	F.P.	14/5	11/6	284	272	Steel Bros	242	......
10	F.P.	24/3	23/4	12½	10½	Sturla 10p	11½	......
133	F.P.	10/5	10/6	½pm	½pm	Young (H.)	½pm	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. r Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Φ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ※ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Cable and Wireless	380	−8	Lucas Inds	187	−5
Cons Gold Fields	345	−7	Pegler-Hattersley	222	+6
Euro Ferries	70	−5½	Pilkington	233	−15
GEC	948	−7	TI	128	−10
Johnson Grp Cleaners	232	−13	Tilling (T.)	133	−5
Libanon	802	+20	Westland	117	—

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
Midland Bank	16	350	+12	Grand Met New	11	55pm	−1
Bass	15	240	−7	NatWest Bank	11	452	+9
GEC	14	955	+1	Plessey	11	465	+10
Euro Ferries	12	75½	+0½	Barclays Bank	10	472	+7
Racal Elec	12	430	—	Glaxo	10	715	−2
RTZ	12	420	+8	Imperial Group	10	98	—
Allied-Lyons	11	99	—	Northern Eng	10	96	—

Dollar firmer

index 90.9 unchanged from noon but down from 91.0 at the opening compared with 90.9 on Tuesday and 91.7 six months ago. Three-month interbank 12 13/16 per cent (14⅞ per cent six months ago). Annual inflation 9.4 per cent (10.4 per cent previous month)—Sterling fell 80 points against the dollar to close at $1.7735-1.7745, having traded in a fairly narrow range of $1.7710-

ever the Belgian franc has remained weak within the EMS. At yesterday's fixing in Brussels the dollar rose to BFr 45.66 from BFr 45.1337½ and sterling was higher at BFr 80.9575 from BFr 80.82. Although the D-mark slipped to BFr 18.8992½ from BFr 18.90 and the French franc to BFr 7.2440 from BFr 7.2710, the Belgian franc was placed at the bottom of the EMS.

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 9	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.9	—32.5
U.S. dollar	117.0	+9.8
Canadian dollar	88.3	—20.3
Austrian schilling	117.3	+25.4
Belgian franc	95.1	—1.9
Danish kroner	83.5	—15.6
Deutsche mark	123.9	+47.3
Swiss franc	144.6	+93.9
Guilder	115.0	+21.7
French franc	78.7	—15.2
Lira	54.1	—58.3
Yen	133.8	+27.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

June 9	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.626277	0.559101
U.S. $	12	1.11039	0.991566
Canadian $	15.87	—*	1.25086
Austria Sch.	6¾	18.9133	16.8913
Belgian F.	14	50.7004	45.2551
Danish Kr.	11	9.10242	8.15315
D mark	7½	2.68181	2.39413
Guilder	8	2.97029	2.65016
French Fr.	9½	6.99657	6.25579
Lira	19	1479.32	1320.52
Yen	5½	275.155	246.652
Norwgn. Kr.	9	6.80558	6.07334
Spanish Pta.	8	119.376	106.663
Swedish Kr.	10	6.61348	5.91271
Swiss Fr	5½	2.28296	2.03568
Greek Dr'ch.	20½	N/A	65.6287

* C$/SDR rate for June 8: 1.40636.

OTHER CURRENCIES

June 9	£	$		£ Note Rates
Argentina Peso	26,420-26,460†	14,850-14,900†	Austria	30.00-30.30
Australia Dollar	1.7035-1.7055	0.9605-0.9610	Belgium	87¾-88¾
Brazil Cruzeiro	295.57-296.67	166.21-167.04	Denmark	14.47-14.62
Finland Markka	8.190-8.205	4.6180-4.6200	France	11.12-11.22
Greek Drachma	117.250-117.188	65.00-65.50	Germany	4.26-4.31
Hong Kong Dollar	10.33½-10.35½	5.8275-5.8325	Italy	2320-2375
Iran Rial	147.50*	82.35*	Japan	441-446
Kuwait Dinar (KD)	0.50850-0.51020	0.28745-0.28765	Netherlands	4.72-4.77
Luxembourg Fr.	80.70-80.80	45.51-45.53	Norway	10.84-10.94
Malaysia Dollar	4.1100-4.1250	2.3170-2.3200	Portugal	127-138
New Zealand Dlr.	2.3490-2.3530	1.3245-1.3260	Spain	182¾-191¾
Saudi Arab. Riyal	6.0800-6.0850	3.4295-3.4315	Sweden	10.54-10.64
Singapore Dollar	3.7550-3.7700	2.1170-2.1200	Switzerland	3.62¾-3.67¾
Sth. African Rand	1.9425-1.9450*	1.0950-1.0965	United States	1.77-1.79
U.A.E. Dirham	6.5075-6.5155	3.6715-3.6735	Yugoslavia	83-102

* The rate for June 8 should have read 1.9395-1.9425.

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.2551	+1.25	+1.25	±1.5440
Danish Krone	8.18382	8.15315	—0.37	—0.37	±1.6428
German D-Mark	2.41815	2.39413	—0.99	—0.99	±1.1097
French Franc	6.19564	6.25579	+0.97	+0.97	±1.3743
Dutch Guilder	2.67296	2.65016	—0.85	—0.85	±1.5069
Irish Punt	0.686799	0.690650	+0.56	+0.56	±1.6689
Italian Lira	1305.13	1320.52	+1.18	+1.18	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 9	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.774	4.285	441.5	11.17	3.653	4.738	2367.	2.243	80.75
U.S. Dollar	0.564	1.	2.415	248.9	6.297	2.059	2.671	1334.	1.264	45.52
Deutschemark	0.233	0.414	1.	103.0	2.607	0.852	1.106	552.4	0.523	18.84
Japanese Yen 1,000	2.265	4.018	9.706	1000.	25.30	8.273	10.73	5361.	5.079	182.9
French Frank 10	0.895	1.588	3.836	395.3	10.	3.270	4.241	2119.	2.008	72.29
Swiss Franc	0.274	0.486	1.173	120.9	3.058	1.	1.297	648.0	0.614	22.11
Dutch Guilder	0.211	0.374	0.904	93.19	2.358	0.771	1.	499.6	0.473	17.04
Italian Lira 1,000	0.422	0.749	1.810	186.5	4.719	1.543	2.001	1000.	0.947	34.11
Canadian Dollar	0.446	0.791	1.911	196.9	4.981	1.629	2.113	1056.	1.	36.01
Belgian Franc 100	1.238	2.197	5.307	546.7.	13.83	4.523	5.867	2931.	2.777	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 9)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 15/16	offer 15 1/16	bid 15 1/8	offer 15 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅝-12⅞	13⅝-13⅞	17-18	8¾-9	1-1½	8 13/16-9 1/16	15-30	19-23	13½-15	14½-14¾	6⅝-6⅞	19½-21
7 day's notice	12 11/16-12 13/16	13⅞-14⅛	17-18	8¾-9	2⅛-3	8 13/16-9 1/16	37-39	20½-22½	14-16	14⅝-14⅞	6⅞-7	19¾-21¼
Month	12⅞-12 15/16	14 7/16-14 9/16	17⅜-17¾	8 13/16-8 15/16	4 1/16-4 3/16	8-9⅛	37-39	23-24	15⅛-16¾	14⅞-15	6-7⅛	18⅜-19⅞
Three months	12¾-12⅞	14¾-15	17¼-17⅝	8⅞-9	5¼-5⅜	8-9⅛	28-30	23⅝-24⅜	16-17	14⅞-15	7 1/16-7 3/16	19⅞-21⅜
Six months	12¾-12⅞	14 15/16-15 1/16	17-17⅜	8 15/16-9 1/16	5¾-5⅞	8-9⅛	23-25	23⅞-24⅛	16¼-17¼	14¾-15	7 1/16-7 3/16	19¼-20¾
One Year	13 1/16-13 3/16	15 1/16-15 3/16	17-17⅜	9⅛-9¼	5⅞-6	8-9⅛	20-22	23⅞-24⅛	16-16½	14¾-15	7⅛-7¼	18⅜-19⅞

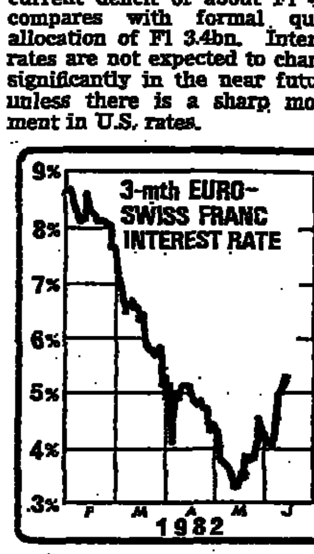
SDR linked deposits: one-month 14¾-15⅛ per cent; three months 14-14⅜ per cent; six months 13⅝-14 per cent; one year 13 5/16-13 11/16 per cent.
ECU linked deposits: one-month 16¾-17⅛ per cent; three months 15 3/16-15 9/16 per cent; six months 14⅜-14⅞ per cent; one year 13 13/16-14 3/16 per cent.
Asian $ (closing rates in Singapore): one month 14½-14⅝ per cent; three months 14⅞-15 per cent; six month 15 1/16-15 3/16 per cent; one year 15-15⅛ per cent. Long-term Eurodollar two years 15-15¼ per cent; three years 15⅛-15⅜ per cent; four years 15⅜-15⅝ per cent; five years 15⅜-15⅝ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen: others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one-month 14.10-14.20 per cent; three months 14.35-14.45 per cent; six months 14.55-14.65 per cent; one year 14.55-14.65 per cent.

MONEY MARKETS

London rates firmer

EUROCURRENCIES

French rates ease



MONEY RATES

LONDON MONEY RATES

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

INSURANCES

Abbey Life Assurance Co. Ltd.

1-3 St. Paul's Churchyard, EC4. 01-248 9111

Property Fund	227.5	239.5	.....	—
Equity Fund	53.9	56.8	.....	—
Property Acc.	266.5	280.6	.....	—
Equity Acc.	51.6	54.4	.....	—
Selective Fund	152.0	160.0	.....	—
Money Fund	164.5	173.3	.....	—
Convertible Fund	178.6	188.0	.....	—
Prop. Fd. Ser. 4	210.1	221.2	.....	—
Equity Ser. 4	57.5	60.6	.....	—
Man. Ser. 4	202.9	213.6	-0.2	—
Money Ser. 4	151.0	159.0	.....	—
Conv. Ser. 4	151.1	159.1	.....	—
Fixed Int. Fd. Ser. 4	118.5	124.8	-0.5	—
American Ser. 4	107.9	113.5	+1.2	—
High Inc. Ser. 4	119.2	125.5	.....	—
Indexed Inv. Series 4	96.9	102.1	.....	—
Pension Property	317.6	334.4	.....	—
Pension Equity	295.7	311.3	-1.1	—
Pension Selective	153.1	161.2	.....	—
Pension Managed	299.9	315.7	-0.9	—
Pension Security	221.7	233.4	.....	—
Pension Fixed Int.	114.9	121.0	-0.6	—
Pension Indexed Inv.	97.0	102.2	.....	—

Albany Life Assurance Co. Ltd.

31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	329.0	346.2	+2.2	—
Fixed Int. Acc.	197.2	207.6	-0.5	—
Gtd. Money Fd. Acc.	155.9	164.1	.....	—
Intl. Man. Fd. Acc.	140.1	148.5	-0.5	—
Intl. Fxd. Int. Fd.	106.8	112.3	.....	—
Prop. Fd. Acc.	159.0	167.3	.....	—
M'ple Inv. Acc.	252.6	265.9	+0.5	—
Equity Pen. Fd. Acc.	454.5	478.3	+3.7	—
Fixed I. Pen. Acc.	317.9	334.6	-1.2	—
G'td. Mon. Pen. Acc.	215.7	227.1	+0.1	—

Crown Life—Continued.

St. George Mangd. Fd.	109.7	115.4	.....	—
Lincs & Gen. Fd.	121.0	127.3	.....	—
Sage Fd.	88.7	93.3	.....	—
Heritage Fd.	98.2	103.2	.....	—
DBS Managed	105.1	110.6	.....	—
Crown Brit. Inv. A		217.2	.....	—
Pens. Mixed. Fd.	149.6	155.2	.....	—
Pens. Mang'd. Acc.	111.8	117.6	.....	—
Pens. Mang'd. Init.	108.0	113.6	.....	—
Pens. Equity Acc.	104.7	110.2	.....	—
Pens. Equity Init.	100.8	106.1	.....	—
Pens. Fxd. Int. Acc.	108.0	113.6	.....	—
Pens. Fxd. Int. Init.	104.3	109.7	.....	—
Pens. Money Acc.	108.3	114.0	.....	—
Pens. Money Init.	104.4	109.8	.....	—

Crusader Insurance PLC

Tower Hse., 38 Trinity Sq., EC3N 4DJ 488 2323

Growth Prop June 8	100.7	110.7	.....	—
Managed Pens May 12	116.8	122.9	.....	—

Eagle Star Insur./Midland Assur.

1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	80.0	83.0	-0.4	5.97

Equity & Law Life Ass. Soc. Ltd.

Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	191.7	201.7	-1.1	—
Higher Inc. Fund	123.3	129.7	-0.5	—
Property Fund	191.5	201.5	.....	—
Fixed Interest Fund	142.3	149.7	-1.0	—
Index Linked Secs Fnd.	93.6	98.5	.....	—
Gtd. Deposit Fund	135.2	142.2	.....	—
Nth. America Fund	102.4	107.7	+0.3	—
Far East Fund	84.7	89.1	-0.2	—
International Fund	97.4	102.5	-0.1	—
Mixed Fund	167.6	176.4	-0.8	—

Equity & Law (Managed Funds) Ltd.

INSURANCE & OVERSEAS MANAGED FUNDS

Life Assur. Co. of Pennsylvania

8, New Rd., Chatham, Kent.

LACOP Units

Lloyds Life Assurance

20, Clifton St., EC2A

OFFSHORE AND OVERSEAS

Wardley Investment Services Ltd.,

4th Floor, Hutchison House, Hong Kong

Wardley Trust	HK$24.58	25.80	.....	4.77
Wardley Nikko As. Fd.	$38.77	39.83	.....	2.51
Wardley Bond Trust	$9.82	10.07	.....	3.20
Wardley Japan Trust	$15.07	15.62	.....	1.25

World Wide Growth Management♦

10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd | $11.18 | -0.07 | —

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.

10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	39.0	40.6	.....	4.60
Chinese Fund	74.2	77.3	.....	9.50
Precious Metal Fund.	176.5	183.22	.....	6.30
Vanguard Cmdy. Fd.	43.2	44.30	.....	2.30
Financial Futures Fd.	100.6	104.8	.....	—
Wren Intl. Fnd.*	$0.896	0.953	.....	-0.060

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	23	......	—	—	—
16½	13	Burma Mines 10p	13	......	0.55	1.8	6.0
130	35	Colby Res. Corp.	55	......	—	—	—
292	190	Cons. Murch. 10c.	200	......	‡Q60c	1.9	‡
8	5	‡‡Explaura Gold	5	......	—	—	—
105	65	Highwood Res.	70	......	—	—	—
255	165	Northgate C$1	180	−10	—	—	—
468	397	R.T.Z.	397xd	−23	16.0	2.1	5.8
£108½	£93½	Do.9¼%Cu.Ln.'95-2000	£95½xd	......	Q9½%	30.0	10.0
20	12	Sabina Inds. C$1	12	......	—	—	—
44	27	‡Southwest C. 10p	36	......	—	—	—
500	270	Tara Exptn. $1	315	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim, reduced final and/or reduced earnings indicated.
- $ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. x Dividend cover in excess of 100 times. y Dividend and yield [illegible]

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	40	......
Bertrams	17#	......
Bdg'wtr. Est. 50p	418	......
Craig & Rose £1	£12¾	......
Finlay Pkg. 5p	28	......
Graig Ship. £1	£26	......
Higsons Brew	92	+2
Holt (Jos) 25p	800	+80
I.O.M. Stm. £1	118	−2
Pearce (C. H.)	£10¾	......
Peel Hldgs.	145	......
Sheff. Refrshmt	73	......
Sindall (Wm.)	215	......

IRISH

Conv. 9% '80/82	£97⅞	......
Nat. 9¾% 84/89	£71¼	......
Fin. 13% 97/02	£74⅞	......
Alliance Gas	77	......
Arnott	200	......
Carroll (P.J.)	74xd	......
Concrete Prods.	75	......
Heiton (Hldgs.)	28	......
Irish Ropes	36	......
Jacob	68	−2
T.M.G.	8	......
Unidare	44	......

OPTIONS

3-month Call Rates

Industrials

Allied-Lyons	8
BOC Intl.	15
B.S.R.	8½
Babcock	18
Barclays Bank	42
Beecham	21
Blue Circle	48
Boots	19
Bowaters	26
Brit. Aerospace	17
B.A.T.	38
Brown (J.)	7
Burton Ord.	15
Cadburys	9
Courtaulds	8
Debenhams	7
Distillers	15
Dunlop	6½
Eagle Star	31
F N F C	4
Gen. Accident	28
Gen. Electric	65
Glaxo	42
Grand Met.	17
G.U.S. 'A'	45
Guardian	25
G.K.N.	15
Hawker Sidd.	30
House of Fraser	15
I.C.I.	24
"Imps"	8
I.C.L.	5½
Ladbroke	15
Legal & Gen.	19
Lex Service	10
Lloyds Bank	42
"Lots"	6½
London Brick	7
Lucas Inds.	20
"Mams"	12
Mrks. & Spncr	12
Midland Bank	30
N.E.I.	9
Nat. West. Bank	38
P & O Dfd.	14
Plessey	32
Racal Elect.	35
R H M.	6½
Rank Org. Ord.	28
Reed Intnl.	26
Sears	6
T...	23
Tesco	5½
Thorn EMI	42
Trust Houses	11
Turner & Newall	11
Unilever	55
Utd. Drapery	7
Vickers	16
Woolworths	5

Property

Brit. Land	7½
Cap. Counties	10
Land Secs.	28
MEPC	20
Peachey	14
Samuel Props.	11
Town & City	3½

Oils

Brit. Petroleum	26
Burmah Oil	10
Charterhall	6
KCA	14
Premier	6
Shell	30
Tricentrol	22
Ultramar	38

Mines

Charter Cons.	25
Cons. Gold	45
Lonrho	7
Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 43

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Thursday June 10 1982

JUNTA HAS TROUBLE PAYING FOR ISRAEL AND ARAB AID

Libya sends Argentina arms

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

ARGENTINA is believed to have received up to 300 tons of military equipment from Libya in the past 10 days.

This month about 10 Boeing 707s, each capable of carrying 30 tons of cargo, have flown from Tripoli, Libya or Benghazi to Buenos Aires, according to officials in Latin America. The usual route has been via Las Palmas in the Canary Islands and Recife, Brazil.

But the Argentine junta has been running into difficulties in financing urgently needed arms from Israel. In Zurich yesterday the Crédit Suisse bank said that on Monday it turned down a rush request to confirm a letter of credit for about $50m between Israeli weapon manufacturers and a Panamanian bank.

The Panamanian bank is believed to have been acting on behalf of Argentina. Crédit Suisse was disturbed at the number of phases in the transaction, the sum involved, and the nature of the deal.

The letter of credit was reportedly in favour of Israeli Aircraft Industries, manufacturers of both the Dagger version of the Mirage used by the Argentine Air Force and the Gabriel missile.

British officials were deeply disturbed when told of the approach to the Crédit Suisse, as this confirmed British fears that Israel continued to be one of the main sources of weapons for the Argentines.

British missions abroad have stepped up efforts to ensure that the tightening noose round Argentine troops in Port Stanley is backed by a virtual arms blockade of Argentina.

Israel has frequently denied making fresh arms contracts with the Argentines since the Falklands crisis began.

But on May 21 a Boeing 707 belonging to Peruvian Faucett Airlines carried 14 cigar-shaped cylinders about $1\frac{1}{2}$ metres in diameter and 4 to $4\frac{1}{2}$ metres long from Tel Aviv via Las Palmas and Manaus, Brazil, to Lima.

The cases were then loaded on to an Aerolineas Argentinas aircraft.

A second such flight is believed to have taken place on June 4.

The cylinders were carefully bolted into containers, which makes those who saw them believe they were missiles. Argentina has been looking for fresh Exocet AM39 missiles to replace the five which it is thought to have had when the hostilities began.

Five missiles have been fired, sinking two British ships. Argentina has also looked for Gabriel air-to-surface missiles, though none has yet been fired against British ships.

Military experts say the cylinders could conceivably have been aircraft drop tanks, which worry British forces almost as much as missiles because one pair of tanks extends the Argentine planes' "loiter time" over the Falklands by up to 20 minutes.

It was Israeli-made drop tanks that caused a stir in South Africa three weeks ago when one newspaper reported that they were being picked up from Cape Town airport packed in crates labelled "tractor parts".

Western officials are still investigating reports that Buenos Aires has bought at least 24 surplus U.S. A4 Skyhawk jets from Israel, as well as a number of Daggers.

Peru is reported to be helping the junta make up for the loss of almost a third its original air force over the Falklands.

On May 31 Gen Basilio Lami Dozo, head of the Argentine Air Force, said: "We have the same operating capacity we had on May 1."

Military experts stress Argentina's heavy need for spare parts to combat the corrosion caused by salt spray drawn in as Argentine pilots fly low above the waves to avoid radar.

Libya is thought to have been a major source of such spare parts, as well as of Soviet-made Sam 7 anti-aircraft missiles.

Britain has protested to Spain about the use made of Las Palmas airport. The general view in London seems to be that the murky nature of the arms world means that supplies to Argentina can be severely held up but not altogether prevented.

Andrew Whitley writes: Brazil is not prepared to prevent her airspace and airports being used as transit route for the Argentine re-supply effort. One senior Brazilian official said yesterday: "If Britain wants to stop Argentine aircraft it will have to go to the UN Security Council."

Boeing 707s belonging to Aerolineas Argentinas have been serviced by Varig, the Brazilian airline company, on the way from Libya.

A senior Brazilian diplomat said yesterday that under no circumstances would Brazilian authorities stop and search a civilian airliner in transit to Argentina, no matter what they suspected it might be carrying.

The argument is primarily intended to refer to aircraft bound for Buenos Aires but could be equally applicable to British carriers or aircraft chartered by the British Government carrying equipment and supplies for the Falkland Islands.

Falklands crisis, Page 3

Mitterrand to cut public spending

BY DAVID HOUSEGO IN PARIS

PRESIDENT François Mitterrand gave notice yesterday of a further squeeze of government expenditure in an effort to reduce the French budget deficit.

Announcing the opening of a "second phase" of his administration, he gave no hint of where cuts might fall — nor did he announce any new anti-inflation measures to bring France's level of price increases closer to that of its industrial competitors.

The emphasis during what was only the second news conference of his presidency was that his Socialist Party administration would continue with the same policy and "maintain the same objectives." He gave satisfaction to the radicals in the party by underlining policies on income distribution, "reconquest of the domestic market" and large-scale investment to change the structure of French industry.

Nowhere in his remarks did the President mention "austerity" or a devaluation of the French franc, which have been at the centre of political debate here in recent weeks. He reaffirmed, however, his strong commitment to the European Monetary System, saying that France's rôle was to remain in it and to help improve it.

Signs of a further squeeze of public expenditure came during M. Mitterrand's firm declaration that the budget deficit must be within the limit of 3 per cent of which he had set. "We must be strict and I expect it from the government," he said.

On the basis of M. Mitterrand's estimate of a 2 per cent growth in real GNP—which was lower than expected—that would mean a deficit of about FFr 107bn (£963m) this year. The 1982 budget had provided for a deficit of FFr 95bn (equivalent to 2.6 per cent of the GNP anticipated then), but has swelled since to an estimated FFr 120bn.

M. Mitterrand promised no additional taxation this year or next, but said there would be a redistribution in favour of the less well-off. In line with that he made clear that civil servants would have to contribute to the unemployment benefit fund.

During the day, the franc weakened in Paris to a record low against the dollar of FFr 6.31. It also slipped to FFr 2.610 against the DM, close to its floor within the EMS.

French steel industry, Page 2

Plessey may acquire Stromberg-Carlson

BY GUY DE JONQUIERES

PLESSEY is considering acquiring Stromberg-Carlson, a medium-sized American telecommunications equipment manufacturer, in a deal which could lead to Britain's System X electronic telephone exchange being marketed in the U.S.

Talks between Plessey and General Dynamics, the U.S. defence contractor, which owns Stromberg-Carlson, started more than three months ago and are believed to have reached an advanced stage. Plessey is expected to decide next week whether to submit a formal offer.

Industry experts value Stromberg-Carlson at between $50m (£27.8m) and $100m. It would probably require large additional investment in research and development, to strengthen its competitive position after a spending cutback in the late-1970s.

Stromberg-Carlson, which does not publish separate accounts, is estimated to have annual sales of about $200m. It is believed to be operating close to breakeven.

Plessey, which has half-a-dozen subsidiaries in the U.S., has already held talks with several other American telecommunications manufacturers with a view to establishing a local production base for System X.

System X is being made in Britain by Plessey, the General Electric Company and Standard Telephones and Cables. Overseas orders are being sought for it, but the U.S. has not until recently been seriously considered as a potential market.

However, Plessey believes changes in the U.S. telecommunications industry, particularly the impending divestiture by American Telephone and Telegraph of its local telephone companies, offer attractive new opportunities for sales of public exchange equipment.

System X would probably have to be adapted to suit the U.S. market. It is unclear how a decision to make it in America would affect existing production arrangements in Britain.

Plessey's telecommunications business, which consists mainly of sales to British Telecom, has performed strongly in recent months. It provided almost half the company's £111.4m pre-tax profit in its last financial year, end April 2.

The company has accumulated cash and liquid assets of almost £240m, partly by disposing of some of its more peripheral business, and there has recently been speculation in the City that it might bid for Ferranti later this year.

Plessey had declined to comment, but acquisition of Stromberg-Carlson would reduce the financial and management resources available if Plessey decided to attempt a takeover of Ferranti.

News analysis, Page 10

Bombing setback Continued from Page 1

mobile Rapier anti-aircraft missile system.

"Our air defences, which had come off the ships that morning, were still being set up on the hillside overlooking the estuary," he said.

The bombs hit Sir Galahad through the engine room and accommodation section, while the impact of exploding ammunition on the ship was felt on shore 400 yars away.

"I saw hundreds of men rush forward along the decks across the hold putting on their life-jackets, pulling on survival suits," Nicholson said. As flames spread many jumped overboard and others were rescued through deep black smoke by helicopter.

It is not clear how many men were on either ship. Each can carry depending on other loads, between 340 and 540 men and a crew of nearly 70.

Neither is it clear precisely when the attack happened, though Argentina claims three attacks, beginning at lunchtime and ending at sunset on Tuesday.

Until the full extent of the casualties and the damage is known it is not possible to judge what effect the Fitzroy action may have on the campaign to take Port Stanley.

No British aircraft were lost in the combat with the Mirages attacking the Task Force.

The Ministry released fresh information last night on the attack on the Liberian registered tanker Hercules on Tuesday. A radio message in English was intercepted telling the Hercules to steer for an Argentine port and warning her that she would be attacked 15 minutes later if she did not.

Margaret van Hatten writes: The Government has not given up hope of securing U.S. participation in an international peacekeeping force

But if necessary, Britain was ready to go it alone in defending the islands, even if involving "quite considerable expenditure," she added.

Insolvency law changes proposed

BY DUNCAN CAMPBELL-SMITH

MAJOR changes in insolvency law were proposed yesterday by the review committee set up by the last government in 1977 to look into all aspects of insolvency law and practice.

The committee's report, submitted confidentially to the Government in two parts in April last year, and in February this, but not published till yesterday contains recommendations affecting every area of insolvency law from personal bankruptcy to major company receivership. The report concludes that the need to reform is "urgent and imperative."

Sir Kenneth Cork, for many years the best known insolvency practitioner in the country and chairman of the committee, said yesterday the central theme of the report was to minimise the impact of insolvency. The aim was "to make sure that as well as doing the least possible harm to individuals, it does the least harm to the country's economy as a whole."

The report proposes the abolition of many categories of preferred creditor, and a better deal for unsecured creditors of an insolvent company. Various abuses of present law on liquidation are the target of suggested new constraints on company directors as well as individuals setting themselves up as receivers and liquidators.

It recommends a new treatment of companies whose financial circumstances somehow preclude effective help being given by a receiver. Under this major innovation, an administrator could be appointed by a new Insolvency Court and could draw on powers similar in many respects to those arising under Chapter XI of the U.S. Bankruptcy Code, notably the power to impose a 12-month moratorium on debt repayments.

Sir Kenneth said he was confident the report would eventually be legally enacted. "It is relevant to business in this day and age and if the Government has got any sense they will implement it," he said.

Mr Bill Mackey, receiver to Laker Airways and Stone-Platt Industries in recent months, reacted positively to the report. But he said finding funds for an administrator could be a problem. The existence of this alternative option, however, might help expedite receivership at an earlier stage in a company's decline.

Details, Page 11

Continued from Page 1

Damascus

of Beirut, has meant frequent electricity cuts.

Many streets are awash because waterpipes have burst and not been mended. The telephone system which once made Beirut the communications centre of the Middle East is slipping behind even Egypt's legendary incompetence.

Shops are closed in most places. But, worse than this, the pressures of war are bringing violence to the streets. Flats are broken into —or rather the doors are shot down—by those fleeing from the fighting and seeking shelter.

Other refugees are camping under the trees in the hills above Beirut. The richer are crowding into hotels. Those who can take to the road are hoping to get across the Bekaa Valley before it becomes the main battleground.

The French and British have been advised to leave West Beruit for the eastern sector. Guns, for so long an everyday feature, are more apparent than ever not just in the shape of gun emplacements dug into the coastline south of Beruit, but among the thugs who have taken over checkpoints abandoned by the Syrians and who stop and rob people.

The chaos is such that it is not incredible—given that Syrians, Palestinians and Israelis are all using this country for their own ends—that the Israeli advance was welcomed tacitly in some villages. Perhaps this was only because the Israelis, rather than anybody else, might be best equipped to settle Lebanon's inherent problems.

Reagan pledge pleases Germans

By Reginald Dale in Bonn

PRESIDENT REAGAN yesterday began his West German visit with a strong commitment to continued American defence of Western Europe.

He made it clear that his Administration would firmly oppose any move in Washington to reduce the level of U.S. forces.

Mr Reagan's address to the German parliament was constantly interrupted by enthusiastic applause — much more than during his Westminster speech on Tuesday — as he responded to German anxieties about the state of Nato and Amercian defence policies.

His most emphatic support from the assembled parliamentarians and government representatives came when he stated "we are with you, Germany. You are not alone."

The only sour note was struck by two former left wing members of the Social Democratic Party, who at one point tried unsuccessfully to barrack Mr Reagan on El Salvador and whistled when he finished speaking.

Outside the Bundestag, the "peace movement" set off a siren, which was meant to represent the implications of Mr Reagan's policies. It sounded for over an hour before police managed to turn it off.

Some 200,000 peace demonstrators are expected to arrive today, coming mainly from West Germany but also from other parts of Europe.

The organisers stressed yesterday, however, that the demonstrations, though timed to coincide with Mr Reagan's visit, were not specifically intended to be anti-American.

Mr Reagan went out of his way to answer the concerns of the demonstrators in his speech to the Bundestag, while continuing to promote existing U.S. policies on the need for a build-up of the West's nuclear and conventional forces.

He spoke much of peace and the need to deter "war of any kind."

The President used the occasion to announce the outlines of a new American proposal designed to break the eight-year-old deadlock in the Vienna negotiations aimed at reducing the level of conventional forces on both sides in central Europe.

The plan is meant to complement his proposals for a sharp reduction in strategic nuclear weapons and a ban by both sides in intermediate range nuclear missiles in Europe.

Weather

UK TODAY

CLOUDY with rain or showers. Dry in some areas.

S.E., N.E. and Central N. England, E. Midlands
Dry then rain from W. Max 23C (73F).

S.W. England, Channel Is
Showers and bright intervals, rain later. Max 19C (66F).

S.E. and Central S. England, W. Midlands, Wales
Rain then showers. Max 23C

N.W. England, Lake District, Isle of Man, N. Ireland, S.W. Scotand, Glasgow, Argyll
Cloudy, rain from W. Max 18C (64F).

Borders and rest of Scotland
Mostly dry, sunny intervals, coastal fog. Max 21C (70F).

Outlook: Unsettled

WORLDWIDE

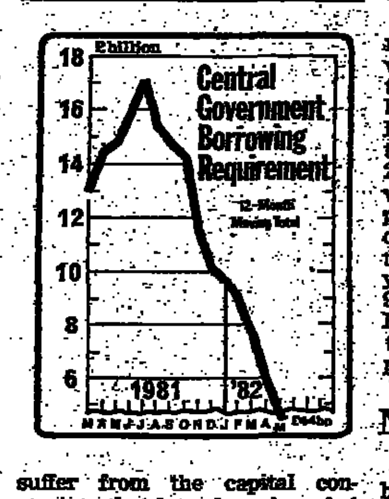
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	L. Ang.†		—	—
Algiers	S	27	81	Luxmbg.	S	21	70
Amsdm.	S	19	66	Luxor.	S	40	104
Athens	F	25	77	Madrid	F	28	82
Behrain	S	35	95	Majorca	S	27	81
Barclna.		—	—	Malaga	S	26	79
Beirut		—	—	Malta	S	26	78
Belfast	F	19	66	M'chstr.	C	20	68
Belgrd.	F	25	77	Melbne.	S	15	59
Berlin	C	16	61	Mx. C.†		—	—
Biarritz	F	30	86	Miami†		—	—
Bmghm.	S	23	73	Milan	S	28	82
Blackpl.	C	21	70	Montrl.†		—	—
Bordx.	S	30	86	Moscow	C	8	46
Boulgn.	S	21	70	Munich	F	24	75
Bristol	F	25	77	Nairobi	F	24	75
Brussels	F	20	68	Naples	F	25	77
Budpst.	F	26	79	Nassau		—	—
Cairo	S	30	86	Nwcstl.	C	14	57
Cardiff	S	24	75	N York†		—	—
Cas'b'ca	C	21	70	Nice	S	24	75
Cape T.	S	18	64	Nicosia	S	24	75
Chicg.†		—	—	Oporto	C	17	63
Cologne	F	21	70	Oslo	S	14	57
Cpnhgn.	C	12	54	Paris	S	24	75
Corfu	F	26	79	Perth	F	15	59
Denver†		—	—	Prague	F	21	70
Dublin	C	17	63	Rykjvk.	C	14	57
Dbrvnk.	S	24	75	Rhodes	S	23	73
Ednbgh.	C	13	55	Rio J'o†		—	—
Faro	S	24	75	Rome	S	27	81
Florence	F	29	84	Salzbrg.	F	25	77
Frankft.	S	24	75	S'ciscot		—	—
Funchal	S	21	70	S. Mritz.		—	—
Geneva	F	26	79	Singapr.		—	—
Gibrltr.	F	25	77	S'tiago†		—	—
Gl'sg'w	C	15	59	Stckhm.	F	15	52
G'rnsey	S	22	72	Strasbg.	S	25	77
Helsinki	C	7	45	Sydney	R	15	59
H. Kong	C	28	82	Tangier	S	23	73
Innsbrk.	R	24	75	Tel Aviv	S	24	75
Invrnss.	C	13	55	Tenerife	F	22	72
I.o.Man	S	19	66	Tokyo	R	25	77
Istanbul	C	20	68	T'r'nto†		—	—
Jersey	S	23	73	Tunis	S	28	82
Jo'burg	S	17	63	Valencia	S	27	81
L. Plms.	F	22	72	Venice	R	21	70
Lisbon	F	23	73	Vienna	S	26	79
Locarno	F	25	77	Warsaw	F	19	66
London	S	19	66	Zurich	S	24	75

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Hoare finds a rich friend

Index fell 6.7 to 587.3



Hoare Govett has moved with dazzling speed to take advantage of the Stock Exchange's ruling—made only last week—that increased the maximum outside shareholding in a member firm from 10 to 29.9 per cent. In so doing it may have uncovered the potential for the Stock Exchange to be embarrassed by its own decision. For while the Stock Exchange continues to fight tooth and nail against the merging of agent and principal business in UK securities, its new capital rules represent an open invitation to firms to increase their capital base in readiness for the requirements of dual capacity.

Security Pacific's stake in Hoare Govett will partly consist of existing equity—which will help to fund withdrawals by retiring partners—but there will also be a substantial slice of new money. Hoare can certainly use this in its international expansion, and in its move into financial futures, but there is no doubt that it has one and a half eyes on the possibility of marekt-making in London before too long.

The choice of partner is interesting, too. Security Pacific was brought to the London market by Hoare, so there is a long-standing relationship, and it has perhaps been the most aggressive U.S. bank in its approaches to the broking industry—within the limits of U.S. banking legislation.

The idea of forming links with a UK merchant bank or investing institution was rejected out of hand; that would have alienated the UK customer base in general. And most London brokers feel that in a venture with a U.S. brokerage firm they might get eaten alive.

As things stand, Security Pacific may not exercise "undue influence" over Hoare: it is not even allowed a man on the board. But the investment —perhaps £8m or so—is tiny from the bank's point of view (if very large in terms of a London broker's equity) and it can afford to take a long view. There is of course always the danger in a broking business that some of the best assets may walk out of the front door.

The question now is how fast other firms will move to follow Hoare, which had the advantages first of a limited liability structure and second of a ready-made overseas partner. Provided existing partnerships are prepared to accept dilution, London firms need no longer suffer from the capital constraints that have long impeded their expansion. If a number of other leading brokers go the same way as Hoare, the questions of dual capacity and negotiated commissions—to the Stock Exchange two sides of the same fifty-pound note—could be answered before they get to the Restrictive Practices Court.

Westland

Westland's interim statement makes no reference to the Falklands crisis, beyond recording the appreciation of defence chiefs for services rendered. The company confines itself to reiterating a profits forecast made in February, before the crisis began. So it seems that, so far at least, the expected big new orders — hopes of which have pushed the shares up by a quarter since early April — have yet to materialise.

Judging from the figures for the half year to March, those orders are sorely needed. Profits before tax have been roughly halved to £6.1m on marginally higher sales thanks to a steep rise in development spending and a £2.5m swing into interest payment. Order books are lower and, in the hovercraft division, there is little to replace the large Middle Eastern orders which run aground at the end end of this year.

So cash flow is being squeezed by high R and D costs, mostly on the W30 and EH 101 helicopters, and by a marked absence of the down payments which accompany export orders. Delivery of spare parts to the MoD has obviously been accelerated, but payments may be coming through more slowly. Moreover, Westland's push into the civil market, where lead times are short, has forced it to boost its stock levels.

The position will look much more healthy in the second half when R and D costs could fall to £7m and the interest bill may be only about £500,000. So Westland could well make £21m pre-tax for the full year. After a 20 per cent tax charge, this would be enough to cover a 10 per cent increase in the final dividend about $3\frac{1}{2}$ times. On that basis the shares, unchanged yesterday at 117p, would yield 9.6 per cent—much more than British Aerospace and a reflection of the uncertain order prospects.

North Sea

If North Sea operators were hoping for a genuine change of heart from the Chancellor, yesterday's adjustments to the structure of oil taxation will have disappointed them. The Government has held firm to its view that the industry has been crying wolf, and accordingly the changes are limited and technical.

While no one could accuse the oil companies of understating their difficulties, over taxation or anything else, a new study by stockbrokers Scott Goff Hancock underlines the extent of the tax burden under which the companies now operate. Scott Goff estimates that UK Government revenue out of the North Sea this financial year will be between £7.4bn and £8.1bn.

This compares with the Government's own estimate of £6.2bn, and only a small part of the discrepancy can be attributed to different assumptions. Given the Treasury's poor oil revenue forecasting record, this suggests that the tax regime will take a lot more cash out of companies in practice than the Government is expecting.

In the context of these figures, the proffered relief—of £35m in the current financial year —only just escapes classification as an insult. The Government has done virtually nothing to minimise the heavy front-end loading of its tax demands. In the short-term, ironically, the tax structure may encourage exploration, and the eighth round is expected to be a success. But companies are unlikely to do much more than stockpile reserves in the ground, and the offshore supply industry could start to feel the pinch shortly.